

**PREMIER GOLD MINES LIMITED**

1100 Russell Street  
Thunder Bay, Ontario  
P7B 5N2

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

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the "**Meeting**") of the shareholders of Premier Gold Mines Limited (the "**Corporation**") will be held at the Toronto Region Board of Trade, One First Canadian Place, Toronto, Ontario, at 4:00 p.m. (Toronto time) on Tuesday, June 25, 2019 for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2018 together with the report of the auditor thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor;
4. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve the unallocated options under the Corporation's share option plan, as more fully described in the accompanying management information circular;
5. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve an amendment to the Corporation's restricted share unit plan to increase the number of common shares issuable thereunder to 4,500,000, as more fully described in the accompanying management information circular;
6. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve an amendment to the Corporation's deferred share unit plan to increase the number of common shares issuable thereunder to 1,500,000, as more fully described in the accompanying management information circular; and
7. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Particulars of the foregoing matters are set forth in the accompanying management information circular (the "**Circular**"). Please review the Circular carefully and in full prior to voting in relation to the matters set out above as the Circular has been prepared to help you make an informed decision on such matters.

The board of directors of the Corporation has fixed the close of business on May 21, 2019 as the record date (the "**Record Date**") for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting. Only shareholders whose names have been entered in the register of shareholders as of the close of business on the Record Date will be entitled to receive notice of, and to vote at, the Meeting.

**Shareholders are entitled to vote at the Meeting either in person or by proxy, as described in the Circular under the heading "General Proxy Information". Only registered shareholders of the Corporation, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. For information with respect to shareholders who own their Common Shares through an intermediary, see "General Proxy Information – Non-Registered Shareholders" in the Circular.**

**Whether or not you are able to attend the Meeting in person, you are encouraged to provide voting instructions on the enclosed form of proxy as soon as possible. To be included at the Meeting, your completed and executed form of proxy must be received by TSX Trust Company, Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, no later than 4:00 p.m. (Toronto time) on Friday, June 21, 2019 (or 48 hours (excluding Saturdays, Sundays and holidays) prior to any reconvened Meeting in the event of an adjournment of the Meeting) or deposited with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof. Voting instructions may also be provided by internet or facsimile by following the instructions on the form of proxy.**

**DATED** at Thunder Bay, Ontario this 23<sup>rd</sup> day of May, 2019.

BY ORDER OF THE BOARD

(Signed) *Ewan S. Downie*  
President and Chief Executive Officer

**PREMIER GOLD MINES LIMITED**  
**MANAGEMENT INFORMATION CIRCULAR**

May 23, 2019

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

**This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Premier Gold Mines Limited (the "Corporation")** for use at the annual and special meeting (the "Meeting") of the shareholders of the Corporation to be held at the Toronto Region Board of Trade, One First Canadian Place, Toronto, Ontario, at 4:00 p.m. (Toronto time) on Tuesday, June 25, 2019 and at all adjournments thereof for the purposes set forth in the accompanying notice of meeting (the "Notice of Meeting"). The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Corporation. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation ("**Common Shares**") in their own names, or in the names of nominees, for their reasonable expenses for sending forms of proxy and this Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of any such solicitation will be borne by the Corporation.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

**Appointment of Proxies**

A registered shareholder of the Corporation may vote in person at the Meeting or may appoint another person to represent such shareholder as proxy and to vote the Common Shares of such shareholder at the Meeting. In order to appoint another person as proxy, such shareholder must complete, execute and deliver the form of proxy accompanying this Circular, or another proper form of proxy, in the manner specified in the Notice of Meeting.

**The persons named in the form of proxy accompanying this Circular are directors and/or officers of the Corporation. A shareholder of the Corporation has the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the form of proxy, to represent such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed form of proxy to TSX Trust Company, Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1, no later than 4:00 p.m. (Toronto time) on Friday, June 21, 2019 (or 48 hours (excluding Saturdays, Sundays and holidays) prior to any reconvened Meeting), or deposit the completed and executed form of proxy with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof. Voting instructions may also be provided by internet or facsimile by following the instructions on the form of proxy.**

### **Revocation of Proxies**

A registered shareholder of the Corporation who has given a proxy may revoke the proxy at any time prior to use by: (a) depositing an instrument in writing, including another completed form of proxy, executed by such registered shareholder or by his or her attorney authorized in writing or by electronic signature or, if the registered shareholder is a corporation, by an authorized officer or attorney thereof (i) at the registered office of the Corporation, 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2, at any time prior to 5:00 p.m. (Toronto time) on the last business day preceding the day of the Meeting or any adjournment thereof, or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; (b) transmitting, by telephonic or electronic means, a revocation that complies with clause (i) or (ii) above and that is signed, subject to the *Business Corporations Act* (Ontario), by electronic signature, or (c) any other manner permitted by law.

### **Exercise of Discretion by Proxies**

The Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the shareholder contained on the form of proxy. **In the absence of instructions, such Common Shares will be voted in favour of each of the matters described in the Notice of Meeting.**

**The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters described in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof.** As at the date hereof, management of the Corporation knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matter which is not now known to management of the Corporation should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such form of proxy will be voted on such matter in accordance with the judgment of the person named as proxy thereon.

### **Signing of Proxy**

The form of proxy must be signed by the shareholder of the Corporation or the duly appointed attorney thereof authorized in writing or, if the shareholder of the Corporation is a corporation, by an authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Corporation or in some other representative capacity, including an officer of a corporation which is a shareholder of the Corporation, should indicate the capacity in which such person is signing. A shareholder of the Corporation or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be.

### **Non-Registered Shareholders**

Only registered shareholders of the Corporation or the persons they appoint as their proxy are entitled to attend and vote at the Meeting. The Common Shares of a non-registered shareholder (a "**Non-Registered Shareholder**") who beneficially owns Common Shares will generally be registered in the name of either:

- (a) an intermediary (an "**Intermediary**") with whom the Non-Registered Shareholder deals in respect of the Common Shares (including, among others, banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement

savings plan, registered retirement income fund, registered education savings plan and similar plans); or

- (b) a clearing agency (such as CDS Clearing and Depository Services Inc. or the Depository Trust Company) of which the Intermediary is a participant.

There are two kinds of beneficial owners: objecting beneficial owners who object to their name being made known to issuers of securities which they own ("**OBOs**") and non-objecting beneficial owners who do not object to their name being made known to issuers of securities which they own ("**NOBOs**").

Issuers can request and obtain a list of their NOBOs from Intermediaries via their transfer agents pursuant to National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and issuers can use this list to distribute proxy-related materials directly to its NOBOs. The Corporation has decided to take advantage of the provisions of NI 54-101 that allow it to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form from the Corporation's transfer agent, TSX Trust Company.

With respect to OBOs, in accordance with the requirements of NI 54-101, the Corporation has distributed copies of the Notice of Meeting, this Circular and the accompanying form of proxy (collectively, the "**Meeting Materials**") to the Intermediaries for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will be given either:

- (a) a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions 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 pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the voting instruction form to validly constitute a form of proxy, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with TSX Trust Company, Suite 301, 100 Adelaide Street West, Toronto, Ontario, M5H 4H1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder

should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. **Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those instructions regarding when and where the voting instruction form or the form of proxy is to be delivered.**

A Non-Registered Shareholder who has submitted a voting instruction form or form of proxy may revoke it by contacting the Intermediary through which the Common Shares of such Non-Registered Shareholder are held and following the instructions of the Intermediary respecting the revocation of proxies.

## Quorum

The quorum for the transaction of business at any meeting of holders of Common Shares is two persons present at the opening of the meeting who are entitled to vote thereat either as shareholders or as proxy holders and holding or representing more than 5% of the outstanding Common Shares. In the event that a quorum is not present within such reasonable time (determined by the Chairman of the Meeting) after the time fixed for the holding of the Meeting as the persons present and entitled to vote at the Meeting may determine, such persons may adjourn the Meeting to a fixed time and place.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The board of directors (the "**Board**") of the Corporation has fixed May 21, 2019 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting. Shareholders of the Corporation of record at the close of business on May 21, 2019 will be entitled to vote at the Meeting and at all adjournments thereof.

As at May 21, 2019, there were 210,430,482 Common Shares issued and outstanding. Each Common Share will entitle the holder of record thereof to one vote at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at May 21, 2019, no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation except as stated below.

Name	Number of Common Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Common Shares Beneficially Owned, Controlled or Directed
Orion Mine Finance Management II Limited	24,351,776 <sup>(1)</sup>	11.57%

**Note:**

(1) Reflects Common Shares held by Orion Mine Finance Fund II LP, a limited partnership managed by Orion Mine Finance Management II Limited, as at January 25, 2019 according to a report dated January 25, 2019 filed under Part 3 of National Instrument 62-103 - *The Early Warning System and Related Take-over Bid and Insider Reporting Issues* filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## BUSINESS OF THE MEETING

### 1. Receiving the Financial Statements

The financial statements of the Corporation for the financial year ended December 31, 2018 have been mailed to the Corporation's registered and beneficial shareholders who requested to receive them. The financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com). The financial statements of the

Corporation for the year ended December 31, 2018 and the report of the auditor thereon will be placed before the Meeting.

## 2. Election of Directors

The Board has fixed the number of directors to be elected at seven. Accordingly, at the Meeting, shareholders of the Corporation will be asked to elect seven directors for the ensuing year. The directors of the Corporation are to be elected in accordance with the Corporation's majority voting policy (see "*Statement of Corporate Governance Practices - Majority Voting Policy*"). Each director elected will hold office until the close of the next annual meeting of the shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets forth certain information regarding each of the persons nominated for election as a director of the Corporation, including their name, position, province or state and country of residence, principal occupation, business or employment, date on which they became a director of the Corporation and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by them:

Name, Position and Province or State and Country of Residence	Principal Occupation, Business or Employment	Date Became Director	Number of Common Shares Beneficially Owned or Controlled or Directed <sup>(12)</sup>
<b>John A. Begeman</b> <sup>(11)</sup> Executive Chairman and Director South Dakota, USA	John Begeman is a professional mining engineer with over 40 years of mining experience. He is currently the Executive Chairman of the Board. He currently is a Director of Yamana Gold Inc. and African Gold Group Inc. Previously, Mr. Begeman served as President, Chief Executive Officer and Director of Avion Gold Corp. from 2008 to 2012 and as Chief Operating Officer of Zinifex Canada Inc. (formerly Wolfden Resources Inc.), where he was responsible for managing the day-to-day operations of the company. Mr. Begeman is a member of the National Association of Corporate Directors and the Institute of Corporate Directors.	May 29, 2006	566,056 Common Shares
<b>Ewan S. Downie</b> <sup>(4)(5)</sup> President, Chief Executive Officer and Director Ontario, Canada	President and Chief Executive Officer of the Corporation since May 29, 2006; President of Zinifex Canada Inc. from May 2007 to October 2008; President and Chief Executive Officer of Wolfden Resources Inc. (mining company) from 1997 to May 2007.	May 29, 2006	4,200,278 Common Shares
<b>Claude Lemasson</b> <sup>(2)(3)(8)(11)</sup> Director Ontario, Canada	Mining Executive with 30 years of experience in the Canadian mining industry where he held senior Executive positions and has been a Board member of four different TSX-listed companies. Currently President and Chief Executive Officer of Eastmain Resources Inc. (since April 28, 2016), for which he was originally appointed and remains a Director on November 10, 2015. Previously, he was President and COO, and Director, of Guyana Goldfields Inc. from 2009 until 2012. Prior to that from 1999 until 2009, with Goldcorp Inc., he was General Manager of Red Lake Mine followed by General Manager of Canadian/US Projects.	June 28, 2012	139,500 Common Shares

Name, Position and Province or State and Country of Residence	Principal Occupation, Business or Employment	Date Became Director	Number of Common Shares Beneficially Owned or Controlled or Directed <sup>(12)</sup>
<b>Ronald Little</b> <sup>(1)(4)(9)(11)</sup> Director Ontario, Canada	President and Chief Executive Officer of Wolfden Resources Corporation since June 26, 2018. Founder, President and CEO of Orezone Resources and Orezone Gold Corporation from 1996 to 2017. Mr. Little is Professional Engineer and holds a Bachelor of Science in Engineering (Geological) from Queen's University in Kingston (1985).	July 20, 2015	56,050 Common Shares
<b>Anthony Makuch</b> <sup>(2)(3)(4)(7)(11)</sup> Director Ontario, Canada	President and Chief Executive Officer of Kirkland Gold Inc. since July 2016; Executive Vice President / President of Canadian Operations of Tahoe Resources Inc., Lake Shore Gold Division from April 2016 to July 2016; President, Chief Executive Officer and Director of Lake Shore Gold Corp. from March 2008 until March 2016.	June 23, 2016	44,000 Common Shares
<b>John Seaman</b> <sup>(1)(2)(4)(6)(10)(11)</sup> Lead Director Ontario, Canada	Currently President and Chief Executive Officer of a private security company; Director of Wolfden Resources Corporation; Chief Financial Officer of the Corporation from August 2006 to June 2012; Chief Financial Officer of Wolfden Resources Inc. from October 2002 to May 2007; and previously a director and/or officer of various small-cap public companies.	May 29, 2006	174,605 Common Shares
<b>Michael Vitton</b> <sup>(1)(3)</sup> Director Connecticut, USA	Executive Managing Director, Head, US Equity Sales, Bank of Montreal Capital Markets from 1994 to 2009; Co-founder and former director of MMX Mineracao e Metalicos SA (Brazil) and LLX Logistica SA (Brazil); Co-founder of Petro Rio, the largest independent publicly traded Brazilian oil and gas company and P5 Infrastructure, a private infrastructure service company; Acted as seed investor and capital markets advisor to Newmarket Gold, sold to Kirkland Lake for CAD\$1 billion, combining to form a CAD\$2.4 billion company; and investor/capital markets advisor to Gold Road Resources.	December 18, 2013	557,000 Common Shares

**Notes:**

- (1) Member of the Audit Committee of the Board.
- (2) Member of the Compensation & Nominating Committee of the Board.
- (3) Member of the Corporate Governance Committee of the Board.
- (4) Member of the Sustainability Committee of the Board.
- (5) Member of the Disclosure Committee.
- (6) Chair of the Audit Committee of the Board.
- (7) Chair of the Compensation & Nominating Committee of the Board.
- (8) Chair of the Corporate Governance Committee of the Board.
- (9) Chair of the Sustainability Committee of the Board.
- (10) Lead independent director. The position of lead independent director is a non-executive position, which focuses on ensuring open and candid discussion takes place among the independent directors as well as between independent and non-independent directors. To enhance the effectiveness of the Board, among other things, the lead independent director ensures that the independent directors have an opportunity to meet, without management and the non-independent directors being present, at each regularly scheduled meeting of the Board.
- (11) Graduate of the Institute of Corporate Directors – Rotman Directors Education Program.
- (12) The information as to the number of Common Shares beneficially owned or controlled or directed has been furnished by the respective nominee.

None of the nominees for election as a director of the Corporation is, or has been, within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company that was



subject to a cease trade order, an order similar to a cease trade order or an order that denied such company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days and that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer or that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in such capacity.

None of the nominees for election as a director of the Corporation is, or has been, within the ten years prior to the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the nominees for election as a director of the Corporation has within the ten years prior to the date hereof become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

None of the nominees for election as a director of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**The persons named in the form of proxy accompanying this Circular intend to vote FOR the election of each of the nominees whose names are set forth above, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of such nominee.** Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director of the Corporation for the ensuing year, however, if that should occur for any reason at or prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee in their discretion.

### **3. Appointment of Auditor**

It is proposed that Grant Thornton LLP ("**Grant Thornton**") be appointed as the auditor of the Corporation to hold office until the close of the next annual meeting of the shareholders of the Corporation and that the directors of the Corporation be authorized to set the auditor's remuneration. Grant Thornton is currently the auditor of the Corporation and has been the auditor of the Corporation since its formation.

**The persons named in the form of proxy accompanying this Circular intend to vote FOR the appointment of Grant Thornton as the auditor of the Corporation until the close of the next annual meeting of the shareholders of the Corporation or until its successor is appointed and the authorization of the directors of the Corporation to fix the remuneration of Grant Thornton, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the appointment of Grant Thornton as the auditor of the Corporation.**

#### 4. Approval of Unallocated Options under the Share Option Plan

The share incentive plan of the Corporation (the "**Share Incentive Plan**"), which consists of the share option plan (the "**Share Option Plan**"), was amended and restated as of May 23, 2019. The key terms of the Share Incentive Plan are summarized below under the heading "*Securities Authorized for Issuance Under Equity Compensation Plans - Summary of the Share Incentive Plan*", which summary is qualified in its entirety by the full text of the Share Incentive Plan attached to this Circular as Schedule "A".

Section 613(a) of the TSX Company Manual provides that every three years after the institution of a security-based compensation arrangement which does not have a fixed maximum number of securities issuable under it, all unallocated options, rights or other entitlements under such security-based compensation arrangement must be approved by a majority of the issuer's directors and by the issuer's security holders. The Share Option Plan provides that the maximum number of Common Shares made available for issuance under the Share Option Plan, together with the aggregate number of Common Shares made available for issuance under all other security-based compensation arrangements of the Corporation, including the restricted share unit plan (the "**RSU Plan**") and the deferred share unit plan (the "**DSU Plan**"), shall not exceed 10% of the total number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable option ("**Option**") under the Share Option Plan. The Share Option Plan is a "rolling and reloading plan" which provides that any increase in the number of outstanding Common Shares will result in an increase in the number of Common Shares that are available to be issued under the Share Option Plan and any exercise of an Option previously issued under the Share Option Plan will result in an additional grant being available under the Share Option Plan.

Based on the foregoing, approval of the shareholders of the Corporation is being sought at the Meeting to approve the unallocated options under the Share Option Plan.

As of the date hereof, there are 210,430,482 Common Shares issued and outstanding, meaning that the number of Common Shares available for issuance in connection with the grant of Options under the Share Option Plan, together with the aggregate number of Common Shares available for issuance under the RSU Plan and the DSU Plan, would be 10% of that number (on a rolling basis) or 21,043,048 Common Shares. As of the date hereof, the Corporation has 12,295,000 Common Shares issuable in connection with outstanding Options under the Share Option Plan (representing approximately 5.84% of the issued and outstanding Common Shares), the Corporation has 1,015,692 Common Shares available for issuance to settle vested restricted share units ("**RSUs**") under the RSU Plan (including 1,015,692 Common Shares issuable in connection with the 1,496,499 outstanding RSUs, which RSUs may, subject to the foregoing limit, be settled in Common Shares or in cash at the option of the Corporation, and after taking into consideration the 84,308 Common Shares previously issued in settlement of vested RSUs granted under the RSU Plan), and the Corporation has 500,000 Common Shares available for issuance to settle vested deferred share units ("**DSUs**") under the DSU Plan (including 155,000 Common Shares issuable in connection with outstanding DSUs), leaving 7,232,356 Common Shares currently available for issuance in connection with the future grant of Options under the Share Option Plan (representing approximately 3.44% of the issued and outstanding Common Shares) (the "**Unallocated Options**"). On May 23, 2019, the directors of the Corporation unanimously approved the Unallocated Options under the Share Option Plan, subject to shareholder approval.

In the event that the requisite shareholder approval is obtained for the RSU Plan Amendment (as defined below) to increase the number of Common Shares issuable under the RSU Plan from 1,100,000 to 4,500,000 Common Shares (see "*Business of the Meeting – Approval of Amendment to the Restricted Share Unit Plan*" below) and the DSU Plan Amendment (as defined below) to increase the number of Common Shares issuable under the DSU Plan from 500,000 to 1,500,000 Common Shares (see "*Business of the Meeting – Approval of Amendment to the Deferred Share Unit Plan*" below), a total of 2,832,356 Common Shares

would be available for issuance in connection with the future grant of Options under the Share Option Plan (representing approximately 1.35% of the issued and outstanding Common Shares)

At the Meeting, shareholders of the Corporation will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve the Unallocated Options under the Share Option Plan (the "**Unallocated Options Resolution**"). If approval is obtained at the Meeting, the Corporation will not be required to seek further approval of the grant of Unallocated Options under the Share Option Plan until the Corporation's 2022 annual and special meeting of shareholder (provided that such meeting is held on or prior to June 25, 2022). If approval is not obtained at the Meeting, Options which have not been allocated as of June 23, 2019 and Options which are outstanding as of June 23, 2019 and are subsequently cancelled, terminated or exercised will not be available for a new grant of Options. Previously allocated Options will continue to be unaffected by the approval or disapproval of the Unallocated Options Resolution.

The full text of the Unallocated Options Resolution to be submitted to shareholders of the Corporation at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

**"BE IT RESOLVED THAT:**

1. all unallocated options, rights or other entitlements under the share option plan which forms a part of the amended and restated share incentive plan of the Corporation attached as Schedule "A" to the management information circular dated May 23, 2019 are hereby approved and the Corporation is authorized to continue granting options under the share option plan until June 25, 2022, which is the date that is three years from the date upon which shareholder approval is being sought; and
2. any one director or officer of the Corporation be and is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution, including the filing of all necessary documents with regulatory authorities including the Toronto Stock Exchange."

**The Board and management consider the approval of the Unallocated Options Resolution to be appropriate and in the best interests of the Corporation. Accordingly, the persons named in the form of proxy accompanying this Circular intend to vote FOR the approval of the Unallocated Options Resolution, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be voted against the Unallocated Options Resolution.**

**5. Approval of Amendment to the Restricted Share Unit Plan**

The Board recommends an amendment to the RSU Plan (the "**RSU Plan Amendment**") in order to increase the number of Common Shares issuable thereunder from 1,100,000 to 4,500,000 Common Shares, representing approximately 2.14% of the issued and outstanding Common Shares as of the date hereof. The RSU Plan Amendment reflects the increased importance and weighting of RSUs and a decreased reliance on stock options as long-term incentives in the Corporation's compensation program. The RSU Plan Amendment is subject to receipt of shareholder and regulatory approvals. A copy of the RSU Plan is available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

There are 1,496,499 RSUs currently outstanding under the RSU Plan, representing approximately 0.71% of the issued and outstanding Common Shares as of the date hereof, which RSUs may, subject to the fixed limits of the RSU Plan, be settled in Common Shares or in cash at the option of the Corporation, and 84,308 Common Shares have previously been issued in settlement of RSUs granted under the RSU Plan. If the RSU Plan Amendment is approved, the Corporation will have 4,415,692 Common Shares available for issuance to settled vested RSUs under the RSU Plan (including Common Shares issuable in connection with currently outstanding RSUs), representing approximately 2.10% of the issued and outstanding Common Shares as of the date hereof, and 2,919,193 Common Shares available for issuance in connection with the future grant of RSUs under the RSU Plan, representing approximately 1.39% of the issued and outstanding Common Shares as of the date hereof.

Other than the RSU Plan Amendment, all of the other provisions of the RSU Plan shall remain substantially unchanged and in full force and effect. The key terms of the RSU Plan are summarized below under the heading "*Securities Authorized for Issuance Under Equity Compensation Plans - Summary of the Restricted Share Unit Plan*". If approval of the RSU Plan Amendment is not obtained at the Meeting, the RSU Plan will continue to operate under its existing limits.

At the Meeting, shareholders of the Corporation will be asked to consider, and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve the RSU Plan Amendment (the "**RSU Plan Amendment Resolution**"). The full text of the RSU Plan Amendment Resolution to be submitted to shareholders of the Corporation at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

**"BE IT RESOLVED THAT:**

1. subject to regulatory approval, the amendment to the restricted share unit plan of the Corporation to increase the number of common shares issuable thereunder from 1,100,000 to 4,500,000, as further described in the management information circular dated May 23, 2019, be and is hereby approved; and
2. any one director or officer of the Corporation be and is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution, including the filing of all necessary documents with regulatory authorities including the Toronto Stock Exchange."

**The Board and management consider the approval of the RSU Plan Amendment Resolution to be appropriate and in the best interests of the Corporation. Accordingly, the persons named in the form of proxy accompanying this Circular intend to vote FOR the approval of the RSU Plan Amendment Resolution, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be voted against the RSU Plan Amendment Resolution.**

**6. Approval of Amendment to the Deferred Share Unit Plan**

The Board recommends an amendment to the DSU Plan (the "**DSU Plan Amendment**") in order to increase the number of Common Shares issuable thereunder from 500,000 to 1,500,000 Common Shares, representing approximately 0.71% of the issued and outstanding Common Shares as of the date hereof. The DSU Plan Amendment reflects the increased importance and weighting of DSUs and a decreased reliance on stock options as long-term incentives in the Corporation's compensation program. The DSU Plan

Amendment is subject to receipt of shareholder and regulatory approvals. A copy of the DSU Plan is available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

There are 155,000 DSUs currently outstanding under the DSU Plan, representing approximately 0.07% of the issued and outstanding Common Shares as of the date hereof, which DSUs may, subject to the fixed limits of the DSU Plan, be settled in Common Shares or in cash at the option of the Corporation, and no Common Shares have previously been issued in settlement of DSUs granted under the DSU Plan. If the DSU Plan Amendment is approved, the Corporation will have 1,500,000 Common Shares available for issuance to settle vested DSUs under the DSU Plan (including Common Shares issuable in connection with currently outstanding DSUs), representing approximately 0.71% of the issued and outstanding Common Shares as of the date hereof, and 1,345,000 Common Shares available for issuance in connection with the future grant of DSUs under the DSU Plan, representing approximately 0.64% of the issued and outstanding Common Shares as of the date hereof.

Other than the DSU Plan Amendment, all of the other provisions of the DSU Plan shall remain substantially unchanged and in full force and effect. The key terms of the DSU Plan are summarized below under the heading "*Securities Authorized for Issuance Under Equity Compensation Plans - Summary of the Deferred Share Unit Plan*". If approval of the DSU Plan Amendment is not obtained at the Meeting, the DSU Plan will continue to operate under its existing limits.

At the Meeting, shareholders of the Corporation will be asked to consider, and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve the DSU Plan Amendment (the "**DSU Plan Amendment Resolution**"). The full text of the DSU Plan Amendment Resolution to be submitted to shareholders of the Corporation at the Meeting is set forth below, subject to such amendments, variations or additions as may be approved at the Meeting:

**"BE IT RESOLVED THAT:**

1. subject to regulatory approval, the amendment to the deferred share unit plan of the Corporation to increase the number of common shares issuable thereunder from 500,000 to 1,500,000, as further described in the management information circular dated May 23, 2019, be and is hereby approved; and
2. any one director or officer of the Corporation be and is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution, including the filing of all necessary documents with regulatory authorities including the Toronto Stock Exchange."

**The Board and management consider the approval of the DSU Plan Amendment Resolution to be appropriate and in the best interests of the Corporation. Accordingly, the persons named in the form of proxy accompanying this Circular intend to vote FOR the approval of the DSU Plan Amendment Resolution, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be voted against the DSU Plan Amendment Resolution.**

**OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named

in the form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

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

Other than as set forth herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, of any proposed nominee for election as a director of the Corporation, or of any associate or affiliate of any such persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

### **STATEMENT OF EXECUTIVE COMPENSATION**

When used in this section, the term "NEO" or "Named Executive Officer" means each of the following individuals: (i) the Chief Executive Officer of the Corporation; (ii) the Chief Financial Officer of the Corporation; (iii) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be an NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year. For the financial year ended December 31, 2018, the Named Executive Officers of the Corporation were the following:

- Ewan Downie, President and Chief Executive Officer;
- Steven Filipovic, Chief Financial Officer;
- John Begeman, Executive Chairman;
- Stephen McGibbon, Executive Vice-President – Corporate and Project Development; and
- Brent Kristof, Senior Vice-President – Operations.

### **Compensation Discussion and Analysis**

#### ***Compensation Governance***

The directors of the Corporation administer the Corporation's executive compensation policy with advice from the Compensation and Nominating Committee. The Compensation and Nominating Committee is responsible for, among other things, reviewing and making recommendations to the Board with respect to the compensation policies and practices of the Corporation, annually reviewing and recommending to the Board for approval the remuneration of the senior officers of the Corporation, making, on an annual basis, a recommendation to the Board as to any incentive award to be made to the senior officers of the Corporation, and comparing, on an annual basis, the total remuneration and the main components thereof of the senior officers of the Corporation with the remuneration of peers in the same industry. The Compensation and Nominating Committee ensures that total compensation paid to the Named Executive Officers is fair, reasonable and consistent with the Corporation's compensation philosophy.

The Compensation and Nominating Committee is currently comprised of three members, being Messrs. Lemasson, Makuch and Seaman, each of whom is independent. The Compensation and Nominating Committee members have collectively gained extensive compensation-related experience in the mining and finance sectors both as senior officers and as members of the boards of directors and committees of other public and private corporations and through the pursuit of educational opportunities in this area. Each

member draws on his respective management and governance experience to provide relevant compensation-related guidance on the Corporation's compensation policies and practices. The Board is confident that the collective experience of the committee members ensures that the Compensation and Nominating Committee has the knowledge and experience to execute its mandate effectively and to make executive compensation decisions in the best interests of the Corporation.

The specific experience of each committee member relevant to his responsibilities as a member of the Compensation and Nominating Committee is summarized below:

- Mr. Lemasson has been a mining executive building teams for the past 17 years and has had direct responsibility for hiring and defining compensation packages for other executives and management. Mr. Lemasson has served as the President and Chief Executive Officer of Eastmain Resources Inc. since April 2016 and as a director of Eastmain Resources Inc. since November 2015. Mr. Lemasson previously served as an independent director of Kirkland Lake Gold Inc. from July 2013 to October 2014. Mr. Lemasson also served as the President and Chief Operating Officer of Guyana Goldfields Inc. from 2009 until 2012.
- Mr. Makuch is a mining executive and has had direct responsibility for hiring and defining compensation packages for other executives and management. Mr. Makuch has served as the President and Chief Executive Officer of Kirkland Lake Gold Inc. since July 2016 and was the President, Chief Executive Officer and a Director of Lake Shore Gold Corp. from March 2008 until March 2016.
- Mr. Seaman was a mining executive having served as Chief Financial Officer of Wolfden Resources Corporation from August 2006 to June 2012 and Chief Financial Officer of Wolfden Resources Inc. from October 2002 to May 2007. He has also previously served as a director and/or officer of various small-cap public companies.

### ***Compensation Consultant***

Since February 2016, an independent consulting firm, Mercer (Canada) Limited ("**Mercer**"), has been engaged by the Compensation and Nominating Committee to provide it with independent advice on executive compensation and related governance matters in connection with the approach of the Corporation towards executive and director compensation. The nature and scope of services provided and to be provided by Mercer to the Compensation and Nominating Committee includes:

- providing advice regarding Named Executive Officer compensation levels;
- providing advice regarding non-executive director compensation levels;
- providing information regarding ongoing and emerging market trends in executive compensation, director compensation and related corporate governance; and
- providing advice to the Compensation and Nominating Committee in advance of Compensation and Nominating Committee meetings.

The Compensation and Nominating Committee reviews and considers the information and advice provided by Mercer, among other factors, when it makes its recommendations to the Board for approval. The Board, however, makes the ultimate decisions with respect to executive compensation after considering the Compensation and Nominating Committee's recommendations.

Mercer does not provide any services to management directly and work conducted by Mercer does not raise any conflicts of interest. Any services provided by Mercer requires the pre-approval of the Compensation and Nominating Committee. The Chair of the Compensation and Nominating Committee approves all invoices for work performed by Mercer. The Compensation and Nominating Committee has the authority to hire and terminate its independent advisor.

The following table sets out aggregate fees billed by Mercer for services related to determining compensation for any of the Corporation's directors and executive officers and for all other services for each of the two most recently completed financial years.

Year	Executive Compensation-Related Fees (\$)	All Other Fees (\$)
2017	\$66,246.00	-
2018	\$8,277.50	-

### ***Philosophy and Objectives***

The guiding philosophy of the Compensation and Nominating Committee in determining compensation for executive officers is that the Corporation should offer competitive compensation to attract, retain and motivate qualified executives in order for the Corporation to achieve the strategic plan and budgets approved by the Board and to act in the interests of the Corporation by being financially responsible. Achievement of these objectives is expected to contribute to an increase in shareholder value of the Corporation.

### ***Peer Group***

The Compensation and Nominating Committee compares the Corporation's compensation structure and levels with a peer group of companies, including base salary, short-term incentive compensation and long-term incentive compensation according to position title, organizational role and overall scope of responsibility. The 2018 peer group used by the Compensation and Nominating Committee in making its recommendations to the Board included the following 14 publicly traded mining companies with which the Corporation competes for executive talent and which the Corporation sees as its best comparables in order to ensure the Corporation remains competitive in attracting, motivating and retaining highly qualified and experienced executives. Companies were independently selected for inclusion in the peer group based on an in-depth review of many factors, including company size, geographic location, market capitalization, asset composition, degree of complexity and stage of operations.

Company	Company
Alacer Gold Corp.	MAG Silver Corp.
Argonaut Gold Inc.	Osisko Mining Inc.
Asanko Gold Inc.	Roxgold Inc.
Fortuna Silver Mines Inc.	Semafo Inc.
Guyana Goldfields Inc.	TMAC Resources Inc.
Klondex Mines Ltd.	Torex Gold Resources Inc.
Leagold Mining Corporation	Wesdome Gold Mines Ltd.

### ***Elements of Compensation Program***

Executive officers of the Corporation receive both fixed compensation and performance-based variable incentive compensation. Total compensation of executive officers of the Corporation is comprised of base salary, short-term incentives in the form of an annual cash bonus and, from time to time, in the form of



awards under the RSU Plan, and long-term incentives in the form of awards under the Share Incentive Plan and the RSU Plan. The allocation of total compensation to these different elements is not based on a formula but is intended generally to reflect market practices and realities as well as the Compensation and Nominating Committee's discretionary assessment of an executive officer's past contribution and ability to contribute to future short and long-term business results. The Compensation and Nominating Committee annually reviews the total compensation package of each of the executive officers of the Corporation on an individual basis against the backdrop of the compensation goals and objectives described above, and makes recommendations to the Board concerning the individual components of their compensation.

*Base Salary*

The Corporation provides executive officers with base salaries that represent a fixed element of compensation and their minimum compensation for services rendered, or expected to be rendered. The base salary of executive officers depends on the scope of their experience, responsibilities, leadership skills, performance, length of service, general industry trends and practices, competitiveness and the Corporation's existing financial resources. Base salaries are determined annually based on the Compensation and Nominating Committee's recommendations to the Board. In making its recommendations, the Compensation and Nominating Committee annually reviews the base salaries of the executive officers of the Corporation against the base salaries of executive officers in comparable positions of public companies in the mining industry (see "Statement of Executive Compensation - Compensation Discussion and Analysis - Peer Group" above). The Compensation and Nominating Committee also reviews third party compensation reports in making its recommendations.

*Cash Bonus*

In addition to base salary, the Corporation may award executive officers of the Corporation with short-term incentive awards in the form of an annual cash bonus. Annual cash bonus payments are awarded to executive officers of the Corporation by the Board, based on the recommendations of the Compensation and Nominating Committee, after taking into account achievement of performance targets at the personal, departmental, company and market levels. The formula set out below is used to determine annual cash bonuses:

$$\text{Annual Cash Bonus} = \text{Base Salary} \times \frac{\left[ \frac{\text{Target Bonus Rate}}{100} + \left[ \left( \frac{\text{Final Rating}}{100} \right) - 1 \right] \times \left[ \frac{\text{Maximum Bonus Rate} - \text{Target Bonus Rate}}{100} \right] \right]}{100}$$

where:

$$\text{Final Rating} = (A \times B) + (C \times D) + (E \times F) + (G \times H) + (I \times J)$$

and where:

- A = Performance Appraisal Weighting
- B = Performance Appraisal Year End Rating
- C = Personal Targets Weighting
- D = Personal Targets Year End Rating
- E = Team Targets Weighting
- F = Team Targets Year End Rating
- G = Company Targets Weighting
- H = Company Targets Year End Rating

- I = Peer / Market Related Targets Weighting
- J = Peer / Market Related Targets Year End Rating

The amount of the annual cash bonus may be varied from the amount calculated at the reasonable discretion of the Compensation and Nominating Committee and the Board.

The performance appraisal is based on a detailed assessment of each executive officer's aptitude in various pre-established categories. The Compensation and Nominating Committee and the Board assess the President and Chief Executive Officer's personal performance, and review the President and Chief Executive Officer's assessment of the personal performance of each of the other executive officers. For each category, the Compensation and Nominating Committee or the President and Chief Executive Officer, as applicable, awards a rating based on how the executive officer was found to have performed in respect of each particular category. For the financial year ended December 31, 2018, categories included personal, interpersonal, knowledge and productivity.

Personal targets are individual targets based on pre-established goals and objectives particular to each individual executive officer. For the financial year ended December 31, 2018, personal targets varied for each Named Executive Officer but included, among others, as applicable: (i) maintaining the Corporation's marketing initiatives; (ii) supporting the evaluation of merger and acquisition opportunities for the Corporation; (iii) identification and acquisition of strategic assets; (iv) achievement of various operating objectives, cost and production goals; and (v) increasing reserves and resources.

Team targets are individual targets based on individual work assignments or projects that are components of and relate directly to broader operational and milestone related targets of the Corporation. For the financial year ended December 31, 2018, team targets varied for each Named Executive Officer but included, among others, as applicable: (i) supporting the development of the Corporation's projects in Canada towards operation status; (ii) performance of the Corporation relative to peer groups; (iii) meeting the Corporation's annual budget; and (iv) execution of exploration, development and production plans and completion of related deliverables.

The Compensation and Nominating Committee and the Board assess the President and Chief Executive Officer's progress against his personal and team targets, and review the President and Chief Executive Officer's assessment of the progress of each of the other executive officers against their respective personal and team targets. For each of the personal and team targets, the Compensation and Nominating Committee or the President and Chief Executive Officer, as applicable, awards a rating based on how well the executive officer was found to have performed in respect of the particular target.

Company targets are comprised of financial and corporate social responsibility ("**CSR**") related targets as well as operational and milestone related targets based on key performance objectives for each property. For the financial year ended December 31, 2018, financial and CSR related targets included: (i) financial and operational control; (ii) NAV expansion and mineral resource and reserve replacement; (iii) cash flow management; (iv) environmental compliance; and (v) health and safety. Property related targets included, among others: (i) production; (ii) mineral reserve replacement; (iii) environmental assessment; (iv) permitting; and (v) exploration.

Peer/market related targets are targets based on performance of the Corporation against its peers. For the financial year ended December 31, 2018, peer/market related targets included: (i) share price performance relative to peers; and (ii) absolute share price performance.

For each of the company and peer/market related targets, the Compensation and Nominating Committee awards a rating based on meeting or exceeding certain pre-established criteria.

For the financial year ended December 31, 2018, the Board set the target and maximum bonus rates for each Named Executive Officer, representing the percentage of their base salary which their annual cash bonus would total assuming such Named Executive Officer achieved 50% and 100% respectively of such Named Executive Officer's pre-established targets. Such target and maximum bonus rates, along with the calculated bonus amounts (based on the formula for calculating annual cash bonus payouts explained above), are shown below.

**Ewan Downie, President and Chief Executive Officer**

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Performance Appraisal	166.75	15	25.0
Personal Targets	171.43	10	17.1
Team Targets	112.50	20	22.5
Company Targets	139.30	30	41.8
Peer/Market Related Targets	0	25	0
Final Rating			106.4
Bonus % Achieved (Target 100% / Max 200%)			106.4%
Salary			\$525,000
Calculated STI Amount			\$558,600
Awarded STI Amount <sup>(1)</sup>			\$418,950

**Note:**

(1) Mr. Downie, in his personal discretion, offered to accept a reduced STI award in the amount of \$418,950.

**Steve Filipovic, Chief Financial Officer**

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Performance Appraisal	168.75	15	25.3
Personal Targets	163.64	10	16.4
Team Targets	125.00	20	25.0
Company Targets	139.30	30	41.8
Peer/Market Related Targets	0	25	0
Final Rating			108.5
Bonus % Achieved (Target 80% / Max 120%)			83.4%
Salary			350,000
Calculated STI Amount			\$291,900
Awarded STI Amount <sup>(1)</sup>			\$248,115

**Note:**

(1) Mr. Filipovic, in his personal discretion, offered to accept a reduced STI award in the amount of \$248,115.

**John Begeman, Executive Chairman**

Evaluation Category	Year-End Rating	Weighting %	Final Rating
Performance Appraisal	165.00	15	24.8
Personal Targets	158.75	10	15.9
Team Targets	118.75	20	23.8
Company Targets	139.30	30	41.8
Peer/Market Related Targets	0	25	0
Final Rating			106.3
Bonus % Achieved (Target 80% / Max 120%)			82.5%
Salary			US\$315,000
Calculated STI Amount			US\$259,875
Awarded STI Amount <sup>(1)</sup>			US\$220,893

**Note:**

(1) Mr. Begeman, in his personal discretion, offered to accept a reduced STI award in the amount of US\$220,893.

**Brent Kristof, Senior Vice-President – Operations**

Evaluation Category	Year-End Rating	Weighting %	Final Rating
Performance Appraisal	154.50	15	23.2
Personal Targets	134.00	10	13.4
Team Targets	151.00	20	30.2
Company Targets	139.30	30	41.8
Peer/Market Related Targets	0	25	0
Final Rating			108.6
Bonus % Achieved (Target 75% / Max 112.5%)			78.2%
Salary			US\$290,000
Calculated STI Amount			US\$226,780
Awarded STI Amount			US\$226,780

**Stephen McGibbon, Executive Vice-President – Corporate and Project Development**

Evaluation Category	Year-End Rating	Weighting %	Final Rating
Performance Appraisal	170.00	15	25.5
Personal Targets	131.25	10	13.1
Team Targets	112.50	20	22.5
Company Targets	139.30	30	41.8
Peer/Market Related Targets	0	25	0
Final Rating			102.9
Bonus % Achieved (Target 75% / Max 112.5%)			76.1%
Salary			305,000
Calculated STI Amount			\$232,105
Awarded STI Amount			\$232,105

*Security-Based Compensation*

Short-term incentive compensation is also provided through the granting of equity incentives under the RSU Plan, which was established in 2015 for the benefit of full-time and part-time employees, officers and directors of the Corporation and its affiliates, as well as individuals engaged to provide consulting,

technical, management or other services to any of the foregoing. The RSU Plan is administered by the directors of the Corporation, or if the directors so determine, the committee of the directors authorized to administer the RSU Plan. The RSU Plan provides for the payment of bonus compensation in the form of Common Shares or, at the option of the Corporation, cash.

Long-term incentive compensation is provided through the granting of equity incentives under the RSU Plan and the Share Incentive Plan. The Share Incentive Plan was established for the benefit of full-time and part-time employees, officers and directors of the Corporation and its affiliates, as well as individuals or corporations engaged to provide ongoing management or consulting services to any of the foregoing, which may be designated from time to time. The Share Incentive Plan, which consists of the Share Option Plan, and also previously consisted of the share purchase plan (the "**Share Purchase Plan**"), is administered by the directors of the Corporation, or if the directors so determine, the committee of the directors authorized to administer the Share Incentive Plan.

Equity incentive awards are designed to motivate executives to achieve long-term sustainable business results, align their interest with those of shareholders and to attract and retain executives. Awards are made based on a variety of factors, such as the need to attract or retain key individuals, competitive market conditions and internal equity. Previous grants are taken into account when considering new grants.

Management of the Corporation believes that security-based compensation arrangements and similar plans are a critical component of the Corporation's compensation arrangements and are necessary and vital to attracting and retaining key individuals. Participants in the Share Option Plan benefit only if the market value of the Common Shares at the time of option exercise is greater than the exercise price of the Options at the time of grant.

In future years, it is expected that the Corporation will develop more formal objectives governing security-based compensation of executive officers.

For additional details concerning the RSU Plan, see "*Securities Authorized for Issuance Under Equity Compensation Plans - Summary of the Restricted Share Unit Plan*" and for additional details concerning the Share Incentive Plan, see "*Securities Authorized for Issuance Under Equity Compensation Plans - Summary of the Share Incentive Plan*".

#### *Perquisites and Other Personal Benefits*

In addition to the compensation described above, each of the Named Executive Officers is entitled to receive other benefits during the term of employment, which may include all or some of health, dental and vision insurance, an automobile allowance, vacation, sick leave, term life insurance and disability insurance.

#### ***Risk***

The Compensation and Nominating Committee recognizes that certain elements of compensation could promote unintended inappropriate or excessive risk-taking behaviours; however, the Corporation seeks to ensure that executive compensation packages appropriately balance short-term incentives (e.g., base salary, annual cash bonuses and RSUs, if applicable) and long-term incentives (e.g., share-based and option-based awards). Base salaries and personal benefits are not subject to performance risk given the stage of the Corporation, as discussed above. To receive the benefit of long-term incentives (share-based and option-based awards), the executive officers must be employed by the Corporation (subject to limited exceptions), thereby better aligning executive performance with the interests of the Corporation and its shareholders. The Compensation and Nominating Committee believes that executive compensation risk management is reinforced by ongoing oversight of the Board of, among other things, the Corporation's financial results,

regulatory disclosure, strategic plans, fraud and error reporting, the Audit Committee's regular meetings with the external auditors (including without the presence of management), the Corporation's internal controls, management information systems and financial control systems.

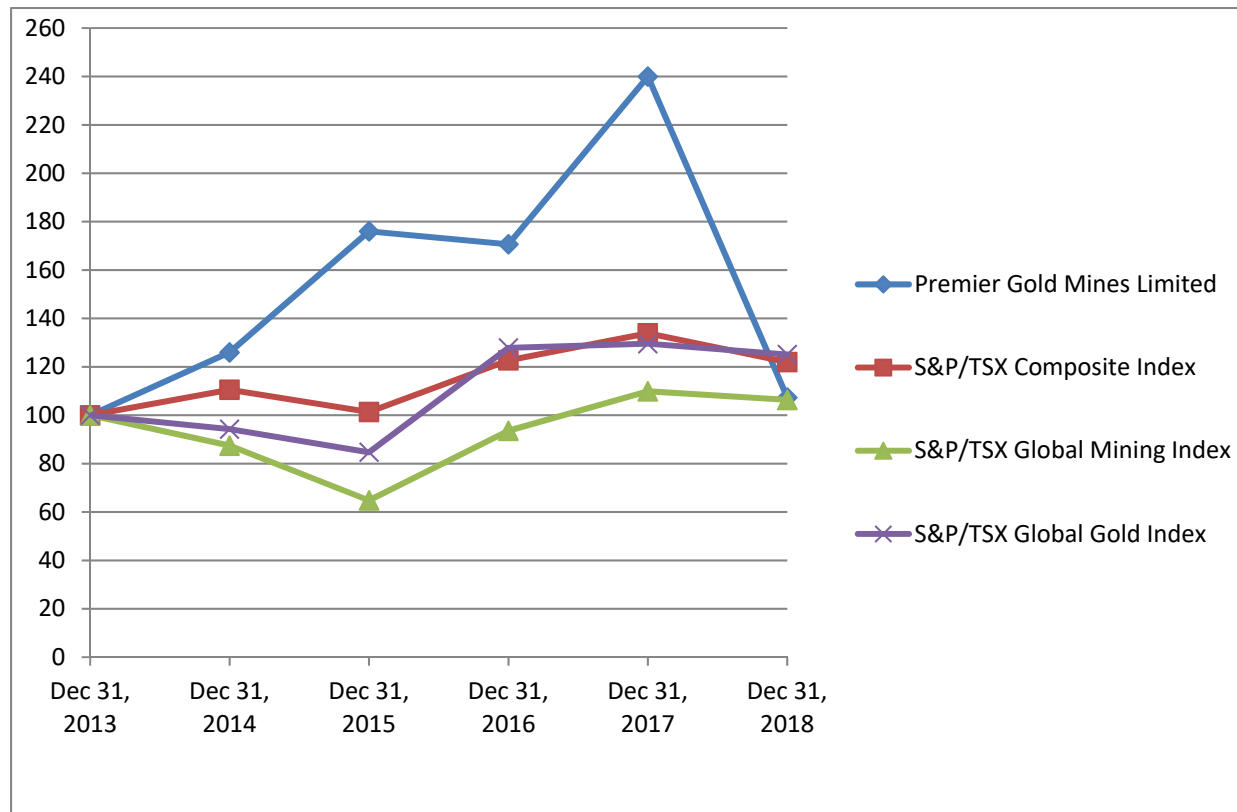
As a result of the factors discussed above, the Compensation and Nominating Committee does not believe that its compensation policies and practices are reasonably likely to have a material adverse effect on the Corporation.

### ***Hedging***

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

### ***Performance Graph***

The following graph compares, from January 1, 2014 to December 31, 2018, the cumulative total shareholder return on a \$100 investment in the Common Shares with the cumulative total return of the S&P/TSX Composite Index, the S&P/TSX Global Mining Index and the S&P/TSX Global Gold Index.



As illustrated by the graph, during the five-year period ended December 31, 2018, the Corporation's share price has outperformed the S&P/TSX Composite Index, S&P/TSX Global Mining Index and the S&P/TSX Global Gold Index, with the exception of the years ended December 31, 2016 and December 31, 2018.

The trend in compensation of the Named Executive Officers has generally been consistent with share price performance over this period. Although the base salaries of Named Executive Officers have increased over the past five years, they remained unchanged for the financial year ended December 31, 2014. Annual cash bonuses increased significantly for the financial years ended December 31, 2014 through December 31, 2017 as the Corporation's share price performance improved but increased less significantly for the financial year ended December 31, 2018 as the Corporation's share price performance declined, with the exception of Mr. Downie, whose annual cash bonus decreased for the financial year ended December 31, 2018. Total compensation for each of the Named Executive Officers decreased or increased between approximately -0.69% and 17.16% for the financial years ended December 31, 2016 and December 31, 2017 and decreased or increased between approximately -2.39% and 12.90% for the financial years ended December 31, 2017 and December 31, 2018. This reflects in large part the Corporation's efforts to correlate compensation of the Corporation's Named Executive Officers to a target level that is within the median range of its peer group. For details regarding the Corporation's peer group and the total compensation paid to Named Executive Officers, see "*Statement of Executive Compensation – Compensation Discussion and Analysis – Peer Group*" and "*Statement of Executive Compensation – Summary Compensation Table*".

While share price is an important factor, the share price valuation of gold producers, as well as exploration and development companies, fluctuates with changes in the underlying commodity prices, and at no time during the period was compensation intended to reflect share price performance driven by externalities. The compensation of the executive officers of the Corporation for the financial year ended December 31, 2018 was determined at arm's length and was at the discretion of the Board based upon the recommendations of the Compensation and Nominating Committee in accordance with the factors described above under the heading "*Compensation Discussion and Analysis*". Alignment with shareholders is nonetheless achieved by awarding a significant portion of compensation in the form of equity-based incentives.

### **Summary of Employment Agreements**

Each Named Executive Officer has entered into an employment agreement with the Corporation.

#### ***Ewan Downie***

Effective August 15, 2011, the Corporation entered into an employment agreement with Mr. Downie, the President and Chief Executive Officer of the Corporation. Pursuant to the employment agreement, Mr. Downie receives an annual base salary, which salary is subject to future reviews or adjustments by the Board. Mr. Downie's employment agreement further provides that Mr. Downie is eligible to receive an annual incentive bonus, conditional upon the Corporation's overall operational and financial performance and Mr. Downie's achievement of certain personal performance criteria and milestones to be agreed annually between him and the Board. Mr. Downie is also eligible to receive a company vehicle (including payment by the Corporation for any leasing costs, operating costs, gasoline, insurance, maintenance, repairs or other expenses), and five weeks of paid vacation time each year.

For the financial year ended December 31, 2018, the Compensation and Nominating Committee and the Board approved an increase in Mr. Downie's annual base salary to \$525,000 and capped Mr. Downie's maximum bonus at 200% of his annual base salary. For the financial year ended December 31, 2018, Mr. Downie received an annual cash bonus of \$418,950 representing 79.8% of his annual base salary.

#### ***Steven Filipovic***

Effective July 1, 2012, the Corporation entered into an employment agreement with Mr. Filipovic, the Chief Financial Officer of the Corporation. Pursuant to the employment agreement, Mr. Filipovic receives an

annual base salary, which salary is subject to future reviews or adjustments by the President and Chief Executive Officer of the Corporation. Mr. Filipovic's employment agreement further provides that Mr. Filipovic is eligible to receive an annual incentive bonus, conditional upon the Corporation's overall operational and financial performance and Mr. Filipovic's achievement of certain personal performance criteria and milestones to be agreed annually between him and the President and Chief Executive Officer of the Corporation. Mr. Filipovic is also eligible to receive four weeks of paid vacation time each year.

For the financial year ended December 31, 2018, the Compensation and Nominating Committee and the Board approved an increase in Mr. Filipovic's annual base salary to \$350,000 and capped Mr. Filipovic's maximum bonus at 120% of his annual base salary. For the financial year ended December 31, 2018, Mr. Filipovic received an annual cash bonus of \$248,115 representing 70.9% of his annual base salary.

### ***John Begeman***

Effective June 25, 2015, Premier Gold Mines USA, Inc. ("**Premier USA**"), a subsidiary of the Corporation, entered into an employment agreement with Mr. Begeman, which, among other things, governs his role as the Executive Chairman of the Corporation. Pursuant to the employment agreement, Mr. Begeman receives an annual base salary, which salary is subject to future reviews or adjustments by the board of directors of Premier USA. Mr. Begeman's employment agreement further provides that Mr. Begeman is eligible to receive an annual incentive bonus, conditional upon Premier USA's and the Corporation's overall operational and financial performance and Mr. Begeman's achievement of certain personal performance criteria and milestones to be agreed annually between him and the board of directors of Premier USA, taking into consideration recommendations of the Board. Mr. Begeman is also eligible to receive four weeks of paid vacation time each year.

For the financial year ended December 31, 2018, the Compensation and Nominating Committee and the Board approved an increase in Mr. Begeman's annual base salary to US\$315,000 and capped Mr. Begeman's maximum bonus at 120% of his annual base salary. For the financial year ended December 31, 2018, Mr. Begeman received an annual cash bonus of US\$220,894 representing 70.1% of his annual base salary.

### ***Stephen McGibbon***

Effective August 12, 2011, the Corporation entered into an employment agreement with Mr. McGibbon, the Executive Vice President – Corporate and Project Development of the Corporation. Pursuant to the employment agreement, Mr. McGibbon receives an annual base salary, which salary is subject to future reviews or adjustments by the President and Chief Executive Officer of the Corporation. Mr. McGibbon's employment agreement also provides that Mr. McGibbon is eligible to receive an annual incentive bonus, conditional upon the Corporation's overall operational and financial performance and Mr. McGibbon's achievement of certain personal performance criteria and milestones to be agreed annually between him and the President and Chief Executive Officer of the Corporation. Mr. McGibbon is also eligible to receive four weeks of paid vacation time each year.

For the financial year ended December 31, 2018, the Compensation and Nominating Committee and the Board approved an increase in Mr. McGibbon's annual base salary to \$305,000 and capped Mr. McGibbon's maximum bonus at 112.5% of his annual base salary. For the financial year ended December 31, 2018, Mr. McGibbon received an annual cash bonus of \$232,105 representing 76.1% of his annual base salary.

### ***Brent Kristof***

Effective March 1, 2017, Premier USA, a subsidiary of the Corporation, entered into an employment agreement with Mr. Kristof, which, among other things, governs his role as the Senior Vice-President,



Operations of the Corporation. Pursuant to the employment agreement, Mr. Kristof receives an annual base salary of US\$280,000, which salary is subject to future reviews or adjustments by the board of directors of Premier USA. Mr. Kristof's employment agreement further provides that Mr. Kristof is eligible to receive an annual incentive bonus, conditional upon Premier USA's and the Corporation's overall operational and financial performance and Mr. Kristof's achievement of certain personal performance criteria and milestones to be agreed annually between him and the board of directors of Premier USA, taking into consideration recommendations of the Board. Mr. Kristof is also eligible to receive four weeks of paid vacation time each year.

For the financial year ended December 31, 2018, the Compensation and Nominating Committee and the Board approved an increase in Mr. Kristof's annual base salary to US\$290,000 and capped Mr. Kristof's maximum bonus at 112.5% of his annual base salary. For the financial year ended December 31, 2018, Mr. Kristof received an annual cash bonus of US\$226,780 representing 78.2% of his annual base salary.

### Summary Compensation Table

The following table sets forth a summary of all compensation for services rendered to the Corporation and its subsidiaries for each of the Corporation's three most recently completed financial years for each Named Executive Officer in the most recently completed financial year.

Name and Principal Position	Year	Salary (\$)	Share-Based Awards <sup>(1)</sup> (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(3)</sup>	Long-Term Incentive Plans			
Ewan Downie, President and Chief Executive Officer	2018	525,000	236,250	551,250	418,950	-	-	18,856 <sup>(4)</sup>	1,750,306
	2017	491,400	221,130	515,970	550,000	-	-	14,649 <sup>(5)</sup>	1,793,149
	2016	466,442	-	795,708	435,240	-	-	18,459 <sup>(6)</sup>	1,715,849
Steven Filipovic, Chief Financial Officer	2018	350,000	105,000	245,000	248,115	-	-	17,120 <sup>(7)</sup>	965,235
	2017	315,000	94,500	220,500	225,000	-	-	13,268 <sup>(8)</sup>	868,268
	2016	287,846	-	285,417	185,400	-	-	7,558 <sup>(9)</sup>	766,221
John Begeman <sup>(10)</sup> , Executive Chairman	2018	409,500 <sup>(11)</sup>	122,850	286,650	287,162 <sup>(11)</sup>	-	-	29,000 <sup>(11)(12)</sup>	1,135,162
	2017	384,930 <sup>(11)</sup>	115,479	269,451	270,000 <sup>(11)</sup>	-	-	37,325 <sup>(11)(12)</sup>	1,077,185
	2016	373,594 <sup>(11)</sup>	-	285,417	225,650 <sup>(11)</sup>	-	-	34,728 <sup>(11)(12)</sup>	919,389
Stephen McGibbon, Executive Vice- President – Corporate and Project Development	2018	305,000	77,775	181,475	232,105	-	-	8,000 <sup>(13)</sup>	804,355
	2017	278,250	70,990	165,620	190,000	-	-	7,564 <sup>(14)</sup>	712,424
	2016	265,000	-	285,417	160,060	-	-	6,929 <sup>(15)</sup>	717,406
Brent Kristof <sup>(16)</sup> , Senior Vice- President – Operations	2018	377,000 <sup>(17)</sup>	73,515	171,535	294,814 <sup>(17)</sup>	-	-	24,000 <sup>(17)(18)</sup>	940,864
	2017	364,000 <sup>(17)(19)</sup>	70,980	165,620	245,000 <sup>(17)</sup>	-	-	31,094 <sup>(17)(20)</sup>	876,694
	2016	30,470 <sup>(17)(21)</sup>	-	-	-	-	-	-	30,470

**Notes:**

- (1) The fair value of RSU awards on the grant date is determined pursuant to the provisions of the RSU Plan, being the number of RSUs granted multiplied by the greater of either: (a) the weighted average trading price of the Common Shares on the TSX, and (b) the average of daily high and low board lot trading prices of the Common Shares on the TSX, for the five consecutive trading days immediately prior to the grant date.
- (2) The Corporation uses the Black-Scholes model to calculate the fair value of option-based awards on the grant date. The Corporation chose the Black-Scholes model because it is a widely recognized and utilized model for option pricing. The Black-Scholes model requires six key inputs: risk-free interest rate, exercise price of the Option, market price of the Common Shares at the date of grant, expected dividend yield, expected life and share price volatility, all of which, except for exercise price of the Option and market price of the Common Shares at the date of grant, are estimates of management. In calculating the fair value of Options granted during the financial year ended December 31,

2018, management assumed a risk-free interest rate of 1.522%, an exercise price of \$3.34, a market price of the Common Shares at the date of grant of \$3.34, an expected dividend yield of 0%, an expected life of 4 years and an average share price volatility of 56.6%. In calculating the fair value of Options granted during the financial year ended December 31, 2017, management assumed a risk-free interest rate of 0.97%, an exercise price of \$3.06, a market price of the Common Shares at the date of grant of \$3.06, an expected dividend yield of 0%, an expected life of 5 years and an average share price volatility of 57%. In calculating the fair value of Options granted during the financial year ended December 31, 2016, management assumed a risk-free interest rate of 0.807%, an exercise price of \$3.18, a market price of the Common Shares at the date of grant of \$3.18, an expected dividend yield of 0%, an expected life of 5 years and an average share price volatility of 65.27%.

- (3) Represents annual cash bonus. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation Program – Cash Bonus".
- (4) Comprised of \$11,536 in automobile benefits paid to Mr. Downie and \$7,320 in health benefit premiums paid on behalf of Mr. Downie.
- (5) Comprised of \$6,622 in automobile benefits paid to Mr. Downie and \$8,027 in health benefit premiums paid on behalf of Mr. Downie.
- (6) Comprised of \$10,120 in automobile benefits paid to Mr. Downie and \$8,339 in health benefit premiums paid on behalf of Mr. Downie.
- (7) Comprised of \$9,597 in automobile benefits paid to Mr. Filipovic and \$7,523 in health benefit premiums paid on behalf of Mr. Filipovic.
- (8) Comprised of \$5,152 in automobile benefits paid to Mr. Filipovic and \$8,116 in health benefit premiums paid on behalf of Mr. Filipovic.
- (9) Represents health benefit premiums paid on behalf of Mr. Filipovic.
- (10) Mr. Begeman was appointed as the Executive Chairman of the Corporation on June 25, 2015. Prior to this date, Mr. Begeman was a director of the Corporation.
- (11) Mr. Begeman's salary, annual cash bonus and health benefits are paid in US dollars. The value shown was converted from US to Canadian dollars based on an exchange rate of 1.30 for the financial year ended December 31, 2018 and December 31, 2017 and 1.3248 for the financial year ended December 31, 2016.
- (12) Represents health benefit premiums paid on behalf of Mr. Begeman.
- (13) Comprised of health benefit premiums paid on behalf of Mr. McGibbon.
- (14) Comprised of health benefit premiums paid on behalf of Mr. McGibbon.
- (15) Comprised of health benefit premiums paid on behalf of Mr. McGibbon.
- (16) Mr. Kristof was appointed as the Senior Vice-President – Operations of the Corporation on March 1, 2017. From December 2, 2016 until February 28, 2017, Mr. Kristof was engaged as an independent contractor to the Corporation.
- (17) Mr. Kristof's fees, salary, annual cash bonus and health benefits are paid in US dollars. The value shown was converted from US to Canadian dollars based on an exchange rate of 1.30 for the financial year ended December 31, 2018 and December 31, 2017 and 1.3248 for the financial year ended December 31, 2016.
- (18) Represents health benefit premiums paid on behalf of Mr. Kristof.
- (19) Represents salary and fees paid to Mr. Kristof during his service as an independent contractor to the Corporation.
- (20) Represents health benefit premiums paid on behalf of Mr. Kristof.
- (21) Represents fees paid to Mr. Kristof during his service as an independent contractor to the Corporation.

## Incentive Plan Awards

### *Incentive Plan Awards – Outstanding Share-Based Awards and Option-Based Awards*

The following table sets out all share-based awards and option-based awards outstanding as at December 31, 2018 for each Named Executive Officer in 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 <sup>(2)</sup> (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Ewan Downie	225,000	2.83	August 29, 2019	-	70,333	113,237	-
	550,000	2.19	July 15, 2020	-			
	460,000	3.18	March 21, 2021	-			
	386,000	3.06	March 29, 2022	-			
	382,000	3.23	February 23, 2023	-			
Steven Filipovic	125,000	2.83	August 29, 2019	-	31,333	50,447	-
	300,000	2.19	July 15, 2020	-			
	165,000	3.18	March 21, 2021	-			
	165,000	3.06	March 29, 2022	-			
	170,000	3.23	February 23, 2023	-			

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 <sup>(2)</sup> (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
John Begeman	50,000	2.83	August 29, 2019	-	35,333	56,887	-
	550,000	2.19	July 15, 2020	-			
	165,000	3.18	March 21, 2021	-			
	202,000	3.06	March 29, 2022	-			
	191,000	3.23	February 23, 2023	-			
Stephen McGibbon	125,000	2.83	August 29, 2019	-	23,333	37,567	-
	250,000	2.19	July 15, 2020	-			
	165,000	3.18	March 21, 2021	-			
	124,000	3.06	March 29, 2022	-			
	126,000	3.23	February 23, 2023	-			
Brent Kristof	200,000 <sup>(3)</sup>	3.15	February 21, 2022	-	21,333	34,347	-
	114,000	3.34	February 23, 2023	-			
	124,000	3.06	March 29, 2022	-			

**Notes:**

- (1) Represents the aggregate dollar amount of in-the-money unexercised Options held at the end of the most recently completed financial year of the Corporation. The value of in-the-money unexercised Options is calculated based on the difference between the market value per Common Share as at December 31, 2018 (\$1.61) and the exercise price of the Option.
- (2) Represents the aggregate market value of RSUs held at the end of the most recently completed financial year of the Corporation that have not vested. The market value of RSUs that have not vested is the market value per Common Share as at December 31, 2018 (\$1.61).
- (3) As at the date hereof, 50,000 of these Options remain subject to vesting conditions.

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

The following table sets forth certain information, for each Named Executive Officer, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2018.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Ewan Downie	-	95,023	-
Steven Filipovic	-	42,158	-
John Begeman	-	35,416	-
Stephen McGibbon	-	31,451	-
Brent Kristof	-	29,443	-

**Notes:**

- (1) The exercise price of each of the Options which vested during the financial year ended December 31, 2018 was greater than or equal to the market price of the Common Shares on the vesting date.
- (2) Represents the aggregate dollar value realized upon vesting of RSUs during the financial year ended December 31, 2018. The dollar value realized upon vesting of RSUs during the year is calculated by multiplying the number of RSUs vested by the market value of the Common Shares on the vesting date.

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

Each Named Executive Officer has entered into an employment agreement with the Corporation. The following provides details of the termination and change of control benefits under the employment agreements with each of the Named Executive Officers as at December 31, 2018.

### ***Ewan Downie***

Pursuant to Mr. Downie's employment agreement, the Corporation may terminate Mr. Downie's employment without cause by providing Mr. Downie with written notice of termination or pay in lieu of such notice equal to 24 months. Mr. Downie is also eligible to receive a further payment equal to two times the average annual incentive bonus earned by him in the two-year period immediately preceding the termination of his employment. During this 24-month period, Mr. Downie will also continue to be eligible to participate in the Corporation's group benefits plans or, if such continued participation is not permitted by the Corporation's benefits carriers during all or part of this period, the Corporation will provide Mr. Downie with a lump sum payment equal to the cost of the premiums that it would have paid to provide the group benefits to Mr. Downie during any remaining part of the period.

Further, all unvested Options previously granted to Mr. Downie shall immediately vest and become exercisable in the event that: (i) Mr. Downie's employment is terminated within 12 months following a Change of Control (as such term is defined in Mr. Downie's employment agreement), (ii) the Corporation makes any material change to the terms and conditions of Mr. Downie's employment within 12 months of a Change of Control, and Mr. Downie resigns his employment within 90 days of the Corporation implementing such change, or (iii) Mr. Downie refuses any offer of continued employment with any successor of the Corporation that occurs within 90 days following a Change of Control. Pursuant to Mr. Downie's employment agreement, Mr. Downie is eligible for the benefit of this accelerated vesting provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options. Pursuant to the RSU Plan, all unvested RSUs previously granted to Mr. Downie shall immediately vest in the event that Mr. Downie's employment is terminated without cause or in the event that there is a Change of Control (as defined in the RSU Plan).

Mr. Downie's employment agreement also contains provisions addressing the Corporation's obligations to Mr. Downie in the event that his employment is terminated by the Corporation for just cause, or if his employment ceases by reason of his death or Disability (as such term is defined in Mr. Downie's employment agreement). Mr. Downie may terminate his employment with the Corporation by providing at least three months of written notice of his resignation, which notice may be waived in whole or in part by the Corporation in its sole discretion.

In the event of termination of Mr. Downie's employment, Mr. Downie has agreed not to disclose any confidential information of the Corporation and has agreed that for a period of 12 months following the termination of his employment agreement, however caused, he will not be employed or engaged in the mining exploration or development of precious or base metal mineral resources anywhere within one kilometre around any of the Corporation's mineral properties.

The estimated incremental payments, payables and benefits to Mr. Downie in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$2,196,312. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options or RSUs held by Mr. Downie (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2018, Mr. Downie held 2,003,000 Options and 70,333 RSUs.

***Steven Filipovic***

Pursuant to Mr. Filipovic's employment agreement, the Corporation may terminate Mr. Filipovic's employment without cause by providing Mr. Filipovic with written notice of termination or pay in lieu of such notice equal to 24 months. Mr. Filipovic is also eligible to receive a further payment equal to two times the average annual incentive bonus earned by him in the two-year period immediately preceding the termination of his employment. During this 24-month period, Mr. Filipovic will also continue to be eligible to participate in the Corporation's group benefits plans or, if such continued participation is not permitted by the Corporation's benefits carriers during all or part of this period, the Corporation will provide Mr. Filipovic with a lump sum payment equal to the cost of the premiums that it would have paid to provide the group benefits to Mr. Filipovic during any remaining part of the period.

Further, all unvested Options previously granted to Mr. Filipovic shall immediately vest and become exercisable in the event that: (i) Mr. Filipovic's employment is terminated within 12 months following a Change of Control (as such term is defined in Mr. Filipovic's employment agreement), (ii) the Corporation makes any material change to the terms and conditions of Mr. Filipovic's employment within 12 months of a Change of Control, and Mr. Filipovic resigns his employment within 90 days of the Corporation implementing such change, or (iii) Mr. Filipovic refuses any offer of continued employment with any successor of the Corporation that occurs within 90 days following a Change of Control. Pursuant to Mr. Filipovic's employment agreement, Mr. Filipovic is eligible for the benefit of this accelerated vesting provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options. Pursuant to the RSU Plan, all unvested RSUs previously granted to Mr. Filipovic shall immediately vest in the event that Mr. Filipovic's employment is terminated without cause or in the event that there is a Change of Control (as defined in the RSU Plan).

Mr. Filipovic's employment agreement also contains provisions addressing the Corporation's obligations to Mr. Filipovic in the event that his employment is terminated by the Corporation for just cause, or if his employment ceases by reason of his death or Disability (as such term is defined in Mr. Filipovic's employment agreement). Mr. Filipovic may terminate his employment with the Corporation by providing at least three months of written notice of his resignation, which notice may be waived in whole or in part by the Corporation in its sole discretion.

In the event of termination to Mr. Filipovic's employment, Mr. Filipovic has agreed not to disclose any confidential information of the Corporation and has agreed that for a period of 12 months following the termination of his employment agreement, however caused, he will not be employed or engaged in the mining exploration or development of precious or base metal mineral resources anywhere within one kilometre around any of the Corporation's mineral properties.

The estimated incremental payments, payables and benefits to Mr. Filipovic in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$1,251,140. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options or RSUs held by Mr. Filipovic (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2018, Mr. Filipovic held 925,000 Options and 31,333 RSUs.

***John Begeman***

Pursuant to Mr. Begeman's employment agreement, Premier USA may terminate Mr. Begeman's employment without cause at any time by payment to Mr. Begeman of an amount equal to two times his annual base salary as in effect immediately prior to such termination of employment. Mr. Begeman is also eligible to receive further payment of an amount equal to two times his average annual incentive bonus

earned in the two-year period immediately preceding the termination of his employment. Premier USA will also pay Mr. Begeman an amount equal to 24 times the monthly employee cost of family coverage under the then current benefit plan provided by Premier USA and an amount intended to reflect a reasonable estimate of the premiums Premier USA would have paid for life and disability benefits for the 24-month period following Mr. Begeman's termination of employment had such termination not occurred.

Further, all unvested Options previously granted to Mr. Begeman shall immediately vest and become exercisable in the event that an Involuntary Termination (as such term is defined in Mr. Begeman's employment agreement) occurs within the 12-month period immediately following a Change of Control (as such term is defined in Mr. Begeman's employment agreement). Pursuant to Mr. Begeman's employment agreement, Mr. Begeman is eligible for the benefit of this accelerated vesting provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options. Pursuant to the RSU Plan, all unvested RSUs previously granted to Mr. Begeman shall immediately vest in the event that Mr. Begeman's employment is terminated without cause or in the event that there is a Change of Control (as defined in the RSU Plan).

Mr. Begeman's employment agreement also contains provisions addressing Premier USA's obligations to Mr. Begeman in the event that his employment is terminated by Premier USA for just cause, or if his employment ceases by reason of his death or Disability (as such term is defined in Mr. Begeman's employment agreement).

In the event of termination to Mr. Begeman's employment, Mr. Begeman has agreed not to disclose any confidential information of the Corporation and has agreed that for a period of 12 months following the termination of his employment agreement, however caused, he will not carry on, be employed or retained by, be engaged in or connected with, have any interest in, or lend his name to, any person that is engaged in the mining exploration or development of precious or base metal mineral resources or projects anywhere within one kilometre around any of the Corporation's mineral properties.

The estimated incremental payments, payables and benefits to Mr. Begeman in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$1,484,838. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options or RSUs held by Mr. Begeman (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2018, Mr. Begeman held 1,158,000 Options and 35,333 RSUs.

### ***Stephen McGibbon***

Pursuant to Mr. McGibbon's employment agreement, the Corporation may terminate Mr. McGibbon's employment without cause by providing Mr. McGibbon with written notice of termination or pay in lieu of such notice equal to 24 months. Mr. McGibbon is also eligible to receive a further payment equal to two times the average annual incentive bonus earned by him in the two-year period immediately preceding the termination of his employment. During this 24-month period, Mr. McGibbon will also continue to be eligible to participate in the Corporation's group benefits plans or, if such continued participation is not permitted by the Corporation's benefits carriers during all or part of this period, the Corporation will provide Mr. McGibbon with a lump sum payment equal to the cost of the premiums that it would have paid to provide the group benefits to Mr. McGibbon during any remaining part of the period.

Further, all unvested Options previously granted to Mr. McGibbon shall immediately vest and become exercisable in the event that: (i) Mr. McGibbon's employment is terminated within 12 months following a Change of Control (as such term is defined in Mr. McGibbon's employment agreement), (ii) the Corporation makes any material change to the terms and conditions of Mr. McGibbon's employment within 12 months

of a Change of Control, and Mr. McGibbon resigns his employment within 90 days of the Corporation implementing such change, or (iii) Mr. McGibbon refuses any offer of continued employment with any successor of the Corporation that occurs within 90 days following a Change of Control. Pursuant to Mr. McGibbon's employment agreement, Mr. McGibbon is eligible for the benefit of this accelerated vesting provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options. Pursuant to the RSU Plan, all unvested RSUs previously granted to Mr. McGibbon shall immediately vest in the event that Mr. McGibbon's employment is terminated without cause or in the event that there is a Change of Control (as defined in the RSU Plan).

Mr. McGibbon's employment agreement also contains provisions addressing the Corporation's obligations to Mr. McGibbon in the event that his employment is terminated by the Corporation for just cause, or if his employment ceases by reason of his death or Disability (as such term is defined in Mr. McGibbon's employment agreement). Mr. McGibbon may terminate his employment with the Corporation by providing at least three months of written notice of his resignation, which notice may be waived in whole or in part by the Corporation in its sole discretion.

In the event of termination to Mr. McGibbon's employment, Mr. McGibbon has agreed not to disclose any confidential information of the Corporation and has agreed that for a period of 12 months following the termination of his employment agreement, however caused, he will not be employed or engaged in the mining exploration or development of precious or base metal mineral resources anywhere within one kilometre around any of the Corporation's mineral properties

The estimated incremental payments, payables and benefits to Mr. McGibbon in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$1,048,105. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options or RSUs held by Mr. McGibbon (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2018, Mr. McGibbon held 790,000 Options and 23,333 RSUs.

***Brent Kristof***

Pursuant to Mr. Kristof's employment agreement, Premier USA may terminate Mr. Kristof's employment without cause at any time by payment to Mr. Kristof of an amount equal to two times his annual base salary as in effect immediately prior to such termination of employment. Mr. Kristof is also eligible to receive further payment of an amount equal to two times his average annual incentive bonus earned in the two-year period immediately preceding the termination of his employment. Premier USA will also pay Mr. Kristof an amount equal to 24 times the monthly employee cost of family coverage under the then current benefit plan provided by Premier USA and an amount intended to reflect a reasonable estimate of the premiums Premier USA would have paid for life and disability benefits for the 24-month period following Mr. Kristof's termination of employment had such termination not occurred.

Further, all unvested Options previously granted to Mr. Kristof shall immediately vest and become exercisable in the event that an Involuntary Termination (as such term is defined in Mr. Kristof's employment agreement) occurs within the 12-month period immediately following a Change of Control (as such term is defined in Mr. Kristof's employment agreement). Pursuant to Mr. Kristof's employment agreement, Mr. Kristof is eligible for the benefit of this accelerated vesting provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options. Pursuant to the RSU Plan, all unvested RSUs previously granted to Mr. Kristof shall immediately vest in the event that Mr. Kristof's employment is terminated without cause or in the event that there is a Change of Control (as defined in the RSU Plan).

Mr. Kristof's employment agreement also contains provisions addressing Premier USA's obligations to Mr. Kristof in the event that his employment is terminated by Premier USA for just cause, or if his employment ceases by reason of his death or Disability (as such term is defined in Mr. Kristof's employment agreement).

In the event of termination to Mr. Kristof's employment, Mr. Kristof has agreed not to disclose any confidential information of the Corporation and has agreed that for a period of 12 months following the termination of his employment agreement, however caused, he will not carry on, be employed or retained by, be engaged in or connected with, have any interest in, or lend his name to, any person that is engaged in the mining exploration or development of precious or base metal mineral resources or projects anywhere within one kilometre around any of the Corporation's mineral properties.

The estimated incremental payments, payables and benefits to Mr. Kristof in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$1,341,814. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options or RSUs held by Mr. Kristof (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2018, Mr. Kristof held 438,000 Options and 21,333 RSUs.

### Director Compensation

In addition to benefits realized from Options to purchase Common Shares and as otherwise disclosed herein, for the financial year ended December 31, 2018, each director of the Corporation earned an annual fee on the basis of the following criteria:

Criterion	Annual Fees Paid for the Year Ended December 31, 2018
Director of the Corporation	\$40,000
Member of one committee of the Board	\$5,000
Chair of a committee of the Board (other than the Audit Committee or the Compensation and Nominating Committee)	\$10,000
Chair of the Audit Committee of the Board	\$15,000
Chair of the Compensation and Nominating Committee of the Board	\$15,000

Beginning in 2015, directors' fees were no longer paid to directors of the Corporation who also serve as executive officers of the Corporation.

The Corporation has adopted a policy pursuant to which each director of the Corporation is required to acquire Common Shares equal to the value of three times the director's cash retainer over a five year period.

The following table sets forth a summary of all amounts of compensation provided to the directors of the Corporation, other than the Named Executive Officers, during the financial year of the Corporation ended December 31, 2018.



Name <sup>(1)</sup>	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Claude Lemasson	55,000	-	100,000	-	-	-	155,000
Ron Little	60,000	-	100,000	-	-	-	160,000
Anthony Makuch	55,000	-	100,000	-	-	-	155,000
John Seaman	65,000	-	100,000	-	-	-	165,000
Michael Vitton	60,000	-	100,000	-	-	-	160,000

**Notes:**

- (1) The director compensation table does not include information with respect to Mr. Downie who is the President and Chief Executive Officer and a director of the Corporation and with respect to Mr. Begeman who is the Executive Chairman and a director of the Corporation, each of whom were Named Executive Officers for the financial year ended December 31, 2018. Information with respect to the compensation paid to Mr. Downie and Mr. Begeman for the financial year ended December 31, 2018 is set out under the heading "Statement of Executive Compensation – Summary Compensation Table" above.
- (2) The Corporation uses the Black-Scholes model to calculate the fair value of option-based awards on the grant date. The Corporation chose the Black-Scholes model because it is a widely recognized and utilized model for option pricing. The Black-Scholes model requires six key inputs: risk-free interest rate (1.522%), exercise price of the Option (\$3.34), market price of the Common Shares at the date of grant (\$3.34), expected dividend yield (0%), expected life (4 years) and share price volatility (56.6%), all of which, except for exercise price of the Option and market price of the Common Shares at the date of grant, are estimates of management.

**Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards**

The following table sets out all share-based and option-based awards outstanding as at December 31, 2018 for each director of the Corporation, other than the Named Executive Officers.

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 (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Claude Lemasson	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	-	-	-	-
	60,000	3.18	March 21, 2021	-	-	-	-
	74,000	3.06	March 29, 2022	-	-	-	-
	69,000	3.23	February 23, 2023	-	-	-	-
Ron Little	100,000	2.19	July 15, 2020	-	-	-	-
	60,000	3.18	March 21, 2021	-	-	-	-
	74,000	3.06	March 29, 2022	-	-	-	-
	69,000	3.23	February 23, 2023	-	-	-	-
Anthony Makuch	83,000	3.30	June 23, 2021	-	-	-	-
	74,000	3.06	March 29, 2022	-	-	-	-
	69,000	3.23	February 23, 2023	-	-	-	-
John Seaman	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	-	-	-	-
	60,000	3.18	March 21, 2021	-	-	-	-
	74,000	3.06	March 29, 2022	-	-	-	-
	69,000	3.23	February 23, 2023	-	-	-	-
Michael Vitton	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	-	-	-	-
	60,000	3.18	March 21, 2021	-	-	-	-
	74,000	3.06	March 29, 2022	-	-	-	-
	69,000	3.23	February 23, 2023	-	-	-	-

**Note:**

- (1) Represents the aggregate dollar amount of in-the-money unexercised Options held at the end of the most recently completed financial year of the Corporation. The value of in-the-money unexercised Options is calculated based on the difference between the market value per Common Share as at December 31, 2018 (\$1.61) and the exercise price of the Option.

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

The following table sets forth certain information for each director of the Corporation, other than the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2018.

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 (\$)
Claude Lemasson	-	-	-
Ron Little	-	-	-
Anthony Makuch	-	-	-
John Seaman	-	-	-
Michael Vitton	-	-	-

**Note:**

- (1) The exercise price of each of the Options which vested during the financial year of the Corporation ended December 31, 2018 was greater than or equal to the market price of the Common Shares on the vesting date.

**Directors and Officers Liability Insurance**

The Corporation has directors and officers liability insurance for the benefit of the directors and officers of the Corporation, which provides coverage in the aggregate of \$40,000,000 in each policy year. The deductible amount on the policy ranges from \$25,000 to \$50,000 and the total annual premium for the period of October 1, 2018 to October 1, 2019 is \$80,656.

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

The following table sets forth, as of December 31, 2018, information concerning securities authorized for issuance under equity compensation plans of the Corporation.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Securityholders	9,752,167 <sup>(1)</sup>	\$2.93 <sup>(2)</sup>	10,569,236 <sup>(3)</sup>
Equity Compensation Plans Not Approved by Securityholders	Nil	Nil	Nil
Total	9,752,167	\$2.93	10,569,236

**Notes:**

- (1) Includes 9,488,000 Common Shares issuable upon exercise of outstanding Options under the Share Option Plan and 264,167 Common Shares issuable upon vesting of outstanding RSUs under the RSU Plan, in each case as of December 31, 2018.  
 (2) Reflects weighted-average exercise price of outstanding Options only.  
 (3) Based on the aggregate number of securities remaining available for future issuance under the Share Option Plan (8,817,711), Share Purchase Plan (500,000), RSU Plan (751,525) and DSU Plan (500,000) as of December 31, 2018.

## Summary of the Share Incentive Plan

As of December 31, 2018, the Share Incentive Plan consisted of the Share Option Plan and the Share Purchase Plan. On May 23, 2019, the Board approved the termination of the Share Purchase Plan and corresponding amendments to the Share Incentive Plan. Pursuant to the terms of the Share Incentive Plan and the policies of the TSX, the termination of the Share Purchase Plan and the corresponding amendments to the Share Incentive Plan did not require shareholder approval.

As of December 31, 2018, Options to purchase an aggregate of 9,488,000 Common Shares (representing approximately 4.67% of the issued and outstanding Common Shares as at December 31, 2018) were outstanding under the Share Option Plan and Options to purchase an aggregate of 8,817,711 Common Shares (representing approximately 4.34% of the issued and outstanding Common Shares as at December 31, 2018) were available for issuance under the Share Option Plan. As of December 31, 2018, no Common Shares had been issued under the Share Purchase Plan and 500,000 Common Shares (representing approximately 0.25% of the issued and outstanding Common Shares as at December 31, 2018) were available for issuance under the Share Purchase Plan.

The following table sets out the annual burn rate of the Share Incentive Plan for each of the Corporation's three most recently completed fiscal years. The annual burn rate represents the total number of securities granted under the Share Incentive Plan during the applicable fiscal year, divided by the weighted average number of securities outstanding for the applicable fiscal year.

Fiscal Year	Annual Burn Rate (%)
2016	0.97
2017	0.88
2018	0.99

The following is a summary of the key terms of the Share Incentive Plan as of December 31, 2018, which summary is qualified in its entirety by reference to the full text of the Share Incentive Plan, which is available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### *Purpose*

The Share Incentive Plan provides for the acquisition of Common Shares by participants for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of key employees and directors of the Corporation and designated affiliates of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of Common Shares by key employees and directors of the Corporation and designated affiliates, it being generally recognized that share incentive plans aid in attracting, retaining and encouraging employees and directors due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

### *Administration*

The Share Incentive Plan is administered by the Board or the committee of the Board authorized to administer the Share Incentive Plan (the "**Committee**").

### *Common Share Availability and Participation Limits*

The maximum number of Common Shares made available for the Share Purchase Plan is to be determined from time to time by the Committee but, in any case, cannot exceed 500,000 Common Shares in the

aggregate (representing 0.25% of the issued and outstanding Common Shares as at December 31, 2018) and in no event may the aggregate number of Common Shares reserved for issuance pursuant to the provisions of the Share Purchase Plan exceed 500,000 Common Shares.

The maximum number of Common Shares made available for the Share Option Plan and all other share compensation arrangements may not exceed 10% of the total number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option. The Share Option Plan is a "rolling" maximum share option plan, and any increase in the number of outstanding Common Shares will result in an increase in the number of Common Shares that are available to be issued under the Share Option Plan and any exercise of an Option previously issued under the Share Option Plan will result in an additional grant being available under the Share Option Plan.

The Share Incentive Plan provides that the maximum number of Common Shares issuable to insiders, at any time, pursuant to the Share Incentive Plan and any other share compensation arrangement is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares which may be issued to insiders, within any one year period, pursuant to the Share Incentive Plan and any other share compensation arrangement is 10% of the total number of Common Shares then outstanding.

The maximum number of Common Shares issuable to non-employee directors, at any time, pursuant to the Share Incentive Plan and any other share compensation arrangement is 1% of the total number of Common Shares then outstanding. The total annual grant to any one non-employee director, within any one year period, pursuant to the Share Incentive Plan and any other share compensation arrangement cannot exceed a maximum grant value of \$150,000 worth of securities, of which the value of Options cannot exceed \$100,000 per non-employee director. For the purpose of the non-employee director participation limits, the aggregate number of securities granted under all share compensation arrangements shall be calculated without reference to: (i) the initial securities granted under the share compensation arrangements (pre-existing or otherwise) to a person who was not previously an insider of the Corporation, upon such person becoming or agreeing to become a director of the Corporation. However, the aggregate number of securities granted under all share compensation arrangements in this initial grant to any one non-employee director shall not exceed a maximum value of \$150,000 worth of securities; and (ii) the securities granted under the share compensation arrangements to an eligible director who was also an officer of the Corporation at the time of grant but who subsequently became a non-employee director.

The Corporation has also adopted a policy whereby the three-year unadjusted burn rate under the Share Option Plan must be at or below 2.5%.

### ***Share Purchase Plan***

#### *Participants*

The Share Purchase Plan permits eligible participants to make contributions toward the purchase of Common Shares and provides that the Corporation will match up to 25% of such contributions. Under the Share Purchase Plan, eligible participants include the officers and employees (including both full-time and part-time employees) of the Corporation or of any designated affiliate of the Corporation and any person or corporation engaged to provide ongoing management or consulting services for the Corporation or a designated affiliate of the Corporation (or any employee of such person or corporation) who have been providing services to the Corporation or any designated affiliate of the Corporation for at least the immediately preceding 12 months. The Committee has the right to waive such 12 month period or to determine that the Share Purchase Plan does not apply to any eligible employee or other participant.

### *Contributions*

The Corporation will match up to 25% of the participant's contribution under the Share Purchase Plan, which cannot exceed 10% of the participant's basic annual remuneration, before deductions, from the Corporation and designated affiliates of the Corporation exclusive of any overtime pay, bonuses, commissions, special compensation or allowances (whether received in cash, securities or otherwise) of any kind whatsoever.

### *Issuance of Common Shares*

As soon as practicable following March 31<sup>st</sup>, June 30<sup>th</sup>, September 30<sup>th</sup> and December 31<sup>st</sup> in each calendar year the Corporation will issue, for the account of each participant, fully paid and non-assessable Common Shares equal in value to the aggregate amount contributed to the Share Purchase Plan by the participant and the Corporation. The issue price for each Common Share will be the five-day weighted average price of the Common Shares on the TSX for the five business days preceding the date in respect of which the Common Shares are being issued under the Share Purchase Plan.

### *Termination of Employment or Services*

If a participant ceases to be employed by, or provide services to, the Corporation and all designated affiliates of the Corporation for any reason (including disability or death) or receives notice from the Corporation of the termination of his or her contract of service or employment:

- (a) the participant will automatically cease to be entitled to participate in the Share Purchase Plan;
- (b) any portion of the participant's contribution and the Corporation's contribution then held in trust for the participant will be paid to the participant or the estate of the participant; and
- (c) any Common Shares then held in safekeeping for the participant will be delivered to the participant or the participant's estate.

### *Take-Over Bid*

If there is a take-over bid (within the meaning of the *Securities Act* (Ontario)) made for all or a portion of the outstanding Common Shares, then the Committee may, by resolution and with the consent of the applicable participants, make any Common Shares held in trust for a participant immediately deliverable in order to permit such Common Shares to be tendered to such take-over bid. In addition, the Committee may, by resolution, permit the Corporation's contribution to be made and Common Shares to be issued for the then aggregate contribution prior to the expiry of any such take-over bid in order to permit such Common Shares to be tendered to such take-over bid.

## ***Share Option Plan***

### *Participants*

The Share Option Plan provides for the grant of non-transferable Options for the purchase of Common Shares to eligible participants. Under the Share Option Plan, eligible participants include the directors, officers and employees (including both full-time and part-time employees) of the Corporation or of any designated affiliate of the Corporation and any person or corporation engaged to provide ongoing management or consulting services for the Corporation or a designated affiliate of the Corporation (or any

employee of such person or corporation). Subject to the provisions of the Share Incentive Plan, the Committee may from time to time determine the participants to whom Options may be granted, the number of Common Shares to be made subject to each Option granted, the expiry date of each Option granted, the exercise price of each Option granted and the other terms of each Option granted.

#### *Exercise Price of Options*

The price per share at which any Common Share which is the subject of an Option may be purchased shall be determined by the Committee at the time the Option is granted, provided that the exercise price of any Option may not be less than the closing price of the Common Shares on the TSX on the last trading day immediately preceding the date of the grant of such Option.

#### *Term of Options*

Each Option, unless sooner terminated pursuant to the provisions of the Share Option Plan, will expire on a date to be determined by the Committee at the time the Option is granted, subject to amendment by an employment contract, which date cannot be later than ten years after the date the Option is granted. However, if the expiration date falls within a blackout period or within ten business days after a blackout period expiry date, then the expiration date of the Option will be the date which is ten business days after the blackout period expiry date.

#### *Vesting of Options*

Except as otherwise provided in any employment contract or in the provisions of the Share Option Plan, Options may be exercised during the Option period only in accordance with the vesting schedule, if any, determined by the Committee at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option shall be exercisable in whole at any time, or in part from time to time, during the Option period.

#### *Eligible Participants on Exercise*

Subject to the provisions of the Share Option Plan, an Option may be exercised by the optionee in whole at any time, or in part from time to time, during the Option period, provided however that, except as otherwise specifically provided by the provisions of the Share Option Plan or in any employment contract, no Option may be exercised unless the optionee at the time of exercise thereof is:

- (a) in the case of an eligible employee, an officer of the Corporation or a designated affiliate of the Corporation or in the employment of the Corporation or a designated affiliate of the Corporation and has been continuously an officer or so employed since the date of the grant of such Option, provided, however, that a leave of absence with the approval of the Corporation or such designated affiliate of the Corporation will not be considered an interruption of employment for purposes of the Share Option Plan;
- (b) in the case of an eligible director who is not also an eligible employee, a director of the Corporation or a designated affiliate of the Corporation and has been such a director continuously since the date of the grant of such Option; and
- (c) in the case of any other eligible participant, engaged, directly or indirectly, in providing ongoing management, consulting or other services for the Corporation or a designated

affiliate of the Corporation and has been so engaged since the date of the grant of such Option.

*Lapsed Options*

If Options granted under the Share Option Plan are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options.

*Effect of Death*

If a participant or, in the case of a person or corporation engaged to provide ongoing management or consulting services for the Corporation or a designated affiliate of the Corporation which is not an individual, the primary individual providing services to the Corporation or designated affiliate of the Corporation on behalf of the person or corporation engaged to provide ongoing management or consulting services, shall die, any Option held by such participant or individual at the date of such death shall become immediately exercisable notwithstanding any term or condition of such Option, and shall be exercisable in whole or in part only by the person or persons to whom the rights of the optionee under the Option shall pass by the will of the deceased or the laws of descent and distribution until the expiration of the Option period in respect of such Option (or such shorter period of time as is otherwise provided in an employment contract or the terms and conditions of any Option), but only to the extent that such optionee was entitled to exercise the Option at the date of the deceased's death.

*Effect of Termination of Employment or Services*

If a participant (i) ceases to be a director of the Corporation and of the designated affiliates of the Corporation (and is not or does not continue to be an employee thereof) for any reason (other than death), or (ii) ceases to be employed by, or provide services to, the Corporation or the designated affiliates of the Corporation (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Corporation or the designated affiliates of the Corporation, for any reason (other than death) or receives notice from the Corporation or any designated affiliate of the Corporation of the termination of his or her employment contract, except as otherwise provided in any employment contract or the terms and conditions of any Option, in situations of termination not for cause, such participant will have 90 days (unless extended by the Board) following termination to exercise his or her Options to the extent that such participant was entitled to exercise such Options at the date of termination, and, in situations other than a termination not for cause, any Options held by such participant on the date of such termination shall be forfeited and cancelled as of that date. Notwithstanding the foregoing or any employment contract, in no event may such right extend beyond the Option period.

*Acceleration on Take-Over Bid*

If a take-over bid (within the meaning of the *Securities Act* (Ontario)) is made for all or a portion of the outstanding Common Shares, then the Committee may permit all Options outstanding to become immediately exercisable in order to permit Common Shares issuable under such Options to be tendered to such take-over bid.

*Change of Control*

If, at the time of a change of control, the participant is an officer or employee of the Corporation or of any designated affiliate of the Corporation and, within 12 months of such change of control, the Corporation terminates the employment or services of said participant for any reason other than cause or an involuntary

termination occurs with respect to such officer or employee of the Corporation or of any designated affiliate of the Corporation, then, on the date of such event of termination, all of the participant's Options shall immediately vest, if not already vested.

If, at the time of a change of control, the participant is not an officer or employee of the Corporation or of any designated affiliate of the Corporation, then all of the participant's Options shall immediately vest on the date of the change of control, if not already vested.

In either of the foregoing events, as applicable, all Options so vested may be exercised in whole or in part by the participant from such applicable date until the expiry of their respective Option periods, except as otherwise provided in any employment contract or the terms and conditions of any Option.

### ***Suspension, Termination or Amendments***

The Committee has the right, under the Share Incentive Plan, without the approval of the shareholders of the Corporation, to suspend or terminate (and to re-instate) the Share Purchase Plan or the Share Option Plan, and to make certain amendments to the Share Incentive Plan, including the following amendments:

- (a) any amendment of a "housekeeping" nature;
- (b) any amendment to comply with the rules, policies, instruments and notices of any regulatory authority to which the Corporation is subject, including the TSX, or to otherwise comply with any applicable law or regulation;
- (c) any amendment to the vesting provisions of the Share Purchase Plan or the Share Option Plan, other than changes to the expiration date and the exercise price of an Option;
- (d) any amendment, with the consent of the optionee, to the terms of any Option previously granted to such optionee under the Share Option Plan;
- (e) any amendment to the provisions concerning the effect of the termination of a participant's employment or services on such participant's status under the Share Purchase Plan;
- (f) any amendment to the provisions concerning the effect of the termination of an optionee's position, employment or services on such optionee's status under the Share Option Plan;
- (g) any amendment to the contribution mechanics of the Share Purchase Plan;
- (h) any amendment respecting the administration or implementation of the Share Incentive Plan; and
- (i) any amendment to provide a cashless exercise feature to any Option or the Share Option Plan, provided that such amendment ensures the full deduction of the number of underlying Common Shares from the total number of Common Shares subject to the Share Option Plan.

The Committee has the right, under the Share Incentive Plan, with the approval of the shareholders of the Corporation by ordinary resolution, to make the following amendments to the Share Incentive Plan:

- (a) any change to the number of Common Shares issuable from treasury under the Share Incentive Plan, including an increase to the fixed maximum number of Common Shares or



a change from a fixed maximum number of Common Shares to a fixed maximum percentage;

- (b) any amendment which would change the number of days with respect to the extension of the expiration date of Options expiring during or immediately following a blackout period;
- (c) any amendment which reduces the exercise price of any Option;
- (d) any amendment which extends the expiry date of an Option;
- (e) any amendment which cancels any Option and replaces such Option with an Option which has a lower exercise price;
- (f) any amendment which would permit Options to be transferred or assigned by any participant other than as currently contemplated by the Share Incentive Plan;
- (g) any amendments to the limits on non-employee director participation;
- (h) any amendment to the definition of "Participant" under the Share Incentive Plan which would have the potential of narrowing, broadening or increasing insider participation;
- (i) any amendment which allows for a purchase price discount under the Share Purchase Plan;
- (j) any amendment to the amount of the Corporation's contribution under the Share Purchase Plan; and
- (k) any amendment to the amending provisions of the Share Incentive Plan.

### ***Assignability***

No rights under the Share Incentive Plan and no Option awarded under the Share Option Plan are assignable or transferable by any participant other than pursuant to a will or by the laws of descent and distribution.

### ***Changes in Capital***

In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment will be made to the awards granted under the Share Incentive Plan by the Committee, including without limitation, in the number of Common Shares available under the Share Incentive Plan, the number of Common Shares subject to any Option and the exercise price of the Common Shares subject to Options.

### ***Consolidation, Merger, etc.***

If there is a consolidation, merger or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities or a transfer of all or substantially all of the assets of the Corporation to another entity: (i) each participant for whom Common Shares are held in safekeeping under the Share Purchase Plan will receive, on the date that Common Shares would otherwise be delivered to the participant, the securities, property or cash which the participant would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the participant had held the applicable number of Common Shares immediately prior to such event; and (ii) unless the Committee otherwise determines acting reasonably, upon the occurrence of such consolidation, merger, amalgamation, arrangement, separation or transfer, where the surviving or acquiring

entity is a corporation, then the surviving or acquiring entity will substitute or replace similar options to purchase securities in the surviving or acquiring entity for the Options outstanding under the Share Option Plan on substantially the same terms and conditions as the Share Option Plan.

### ***Securities Exchange Take-Over Bid***

In the event that the Corporation becomes the subject of a take-over bid (within the meaning of the *Securities Act* (Ontario)) pursuant to which 100% of the outstanding Common Shares are acquired by the offeror either directly or as a result of the compulsory acquisition provisions, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all optionees requiring them to surrender their Options within 10 days of the mailing of such notice, and the optionees shall be deemed to have surrendered such Options on the tenth day after the mailing of such notice without further formality, provided that the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement options to the optionees on the equity securities offered as consideration, the Committee has determined, in good faith, that such replacement options have substantially the same economic value as the Options being surrendered and the surrender of Options and the granting of replacement options can be effected on a tax free rollover basis under the *Income Tax Act* (Canada).

### **Summary of the Restricted Share Unit Plan**

On May 14, 2015, the Board approved the adoption of the RSU Plan. The Board decided that it is desirable to have a wide range of incentive plans including the RSU Plan in place to attract, retain and motivate employees, directors and consultants of the Corporation. The RSU Plan was subsequently amended effective June 25, 2015.

The RSU Plan allows for RSUs to be granted to eligible participants. An RSU award granted to a participant for services rendered will entitle the participant, subject to the participant's satisfaction of any conditions, restrictions or limitations imposed under the RSU Plan or RSU grant letter, to receive a payment in fully paid Common Shares or, at the option of the Corporation, in cash on the date when the RSU award is fully vested, which shall be no later than December 31<sup>st</sup> of the third calendar year following the calendar year applicable to the particular RSU award grant date. Under the RSU Plan, an aggregate of up to 1,100,000 Common Shares (representing approximately 0.54% of the issued and outstanding Common Shares as at December 31, 2018) may be issued from treasury to participants by the Corporation to settle vested RSUs. As of December 31, 2018, 264,167 RSUs were outstanding under the RSU Plan and 751,525 Common Shares (representing approximately 0.37% of the issued and outstanding Common Shares as at December 31, 2018) were available for issuance to settle vested RSUs. At the Meeting, the Corporation is seeking approval of an amendment to the RSU Plan to increase the number of Common Shares issuable thereunder from 1,100,000 to 4,500,000. See "*Business of the Meeting – Approval of Amendment to the Restricted Share Unit Plan*".

The following table sets out the annual burn rate of the RSU Plan for each of the Corporation's three most recently completed fiscal years. The annual burn rate represents the total number of securities granted under the RSU Plan during the applicable fiscal year, divided by the weighted average number of securities outstanding for the applicable fiscal year.

Fiscal Year	Annual Burn Rate (%)
2016	0.04
2017	0.10
2018	0.15

The following is a summary of the key terms of the RSU Plan as of December 31, 2018, which summary is qualified in its entirety by reference to the full text of the RSU Plan, which is available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### *Purpose*

The purpose of the RSU Plan is to advance the interests of the Corporation and its affiliates through the motivation, attraction and retention of full-time and part-time employees, directors and eligible contractors of the Corporation or an affiliate of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of Common Shares by such participants, it being generally recognized that restricted share unit plans aid in attracting, retaining and encouraging employees, directors and consultants due to the opportunity offered to them to acquire a proprietary interest in the Corporation. The RSU Plan provides for the payment of bonus compensation in the form of Common Shares or, at the option of the Corporation, cash to participants.

### *Administration*

The RSU Plan provides that the RSU Plan shall be administered by the Board or, if the Board so determines, the committee of the Board authorized to administer the RSU Plan, including any compensation committee of the Board (collectively, the "**Committee**"). The Committee shall from time to time determine the participants who may participate in the RSU Plan.

### *Granting of RSU Awards*

The Committee shall from time to time determine the participants to whom RSUs shall be granted. The Committee shall, in its sole discretion, determine any and all conditions to the vesting of any RSUs granted to a participant, which vesting conditions may be based on either or both of time and performance criteria, and the Committee may take into consideration the present and potential contributions of and the services rendered by the particular participant to the success of the Corporation and its affiliates and any other factors which the Committee deems appropriate and relevant.

Each grant of an RSU award under the RSU Plan shall be evidenced by an RSU grant letter to the participant from the Corporation. Unless otherwise specified in the applicable RSU grant letter, the granting of RSUs to any participant under the RSU Plan which is awarded in May to December of a calendar year will be awarded solely in respect of performance of such participant in the same calendar year. Where RSUs are awarded in January to April of a particular calendar year, such bonus will be awarded solely in respect of performance of such participant in the calendar year immediately preceding such award. No RSU and no other right or interest of a participant is assignable or transferable but shall thereafter enure to the benefit of and be binding upon the participant's beneficiary designated under the RSU Plan.

Subject to the absolute discretion of the Committee, the Committee may elect to credit, as a bonus for services rendered in the calendar year containing the payment date for cash dividends paid on the Common Shares (the "**Dividend Payment Date**"), a participant with additional RSUs. In such case, the number of additional RSUs so credited will be equal to (computed to two decimal places) the aggregate amount of

dividends that would have been paid to the participant if the RSUs in the participant's account as of the record date for payment of such dividends (the "**Dividend Record Date**") had been Common Shares divided by the Market Value of a Common Share on the Dividend Payment Date. The additional RSUs will vest on the participant's entitlement date of the particular RSU award to which the additional RSUs relate.

For the purposes of the RSU Plan, "Market Value" means the greater of either: (a) the weighted average trading price of the Common Shares on the TSX; and (b) the average of daily high and low board lot trading prices of the Common Shares on the TSX, for the five consecutive trading days immediately prior to the date as of which Market Value is determined, provided that where the Market Value would be determined with reference to a period commencing after a fiscal quarter end of the Corporation and ending prior to the public disclosure of interim financial statements for such quarter (or annual financial statements in the case of the fourth quarter), the calculation of the Market Value will be made with reference to the fifth trading day immediately following the date of public disclosure of the financial statements for that quarter. If the Common Shares are not trading on the TSX, then the Market Value shall be determined based on the trading price on such stock exchange or over-the-counter market on which the Common Shares are listed and posted for trading as may be selected for such purpose by the Committee. In the event that the Common Shares are not listed and posted for trading on any stock exchange or over the-counter market, the Market Value shall be the fair market value of such Common Shares as determined by the Committee in its sole discretion, acting reasonably.

#### ***Common Share Availability and Insider Participation Limit***

The aggregate maximum number of Common Shares available for issuance from treasury under the RSU Plan, subject to adjustment in the event of a stock dividend, consolidation, subdivision or reclassification, shall not exceed 1,100,000 Common Shares. Any Common Shares subject to an RSU which has been granted under the RSU Plan and which has been cancelled or terminated in accordance with the terms of the RSU Plan prior to such RSU being fully vested will again be available under the RSU Plan.

The maximum number of Common Shares issuable to insiders of the Corporation, at any time, pursuant to the RSU Plan and any other security-based compensation arrangements of the Corporation is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issued to insiders, within any one-year period, pursuant to the RSU Plan and any other security-based compensation arrangements of the Corporation is 10% of the total number of Common Shares then outstanding.

The maximum number of Common Shares issuable to non-employee directors, at any time, pursuant to the RSU Plan and any other security-based compensation arrangements of the Corporation is 1% of the total number of Common Shares then outstanding. The total annual grant to any one non-employee director, within any one year period, pursuant to the RSU Plan and any other security-based compensation arrangements of the Corporation shall not exceed a maximum grant value of \$150,000 worth of securities.

#### ***Settlement of RSUs***

An RSU award granted to a participant for services rendered will entitle the participant, subject to the participant's satisfaction of any conditions, restrictions or limitations imposed under the RSU Plan or RSU grant letter, to receive a payment in fully paid Common Shares or, at the option of the Corporation, in cash on the date when the RSU award is fully vested, which shall be no later than December 31<sup>st</sup> of the third calendar year following the calendar year applicable to the particular RSU award grant date.

For the purposes of the RSU Plan, "Employer" in respect of a participant means the entity which employs or receives services from, as applicable, such participant, which may be the Corporation or an affiliate of the Corporation. Subject to the Corporation's ability to elect to satisfy its payment obligations in cash, the

Employer shall satisfy its payment obligation, net of any applicable taxes and other source deductions required to be withheld by the Employer, on the redemption of the RSUs, with the issue of fully paid Common Shares from treasury or by having the broker appointed by the Board under the RSU Plan (the "**Broker**") acquire Common Shares in the open market (using funds paid to the Broker by the affiliate that is the employer of the participant for such purpose) on behalf of the participant, in the event that the Corporation elects not to issue Common Shares from treasury. If, after the issuance of Common Shares or the purchase of Common Shares by the Broker, an amount remains payable in respect of the vested RSUs being redeemed, the applicable affiliate shall pay such remaining amount in cash (net of any applicable taxes or other source deductions required to be withheld) to the participant.

In the event that the Employer satisfies its payment obligation in Common Shares, a participant may direct to have the Broker, if any such Broker has been appointed by the Board, sell such Common Shares on behalf of the participant. In the absence of an election being made, the participant shall be deemed to have elected to receive the Common Shares directly.

In the event that the Employer elects to satisfy its payment obligation in cash, on the date when an RSU award is fully-vested, the RSUs shall be redeemed and paid by the affiliate that is the employer of the participant to the participant, subject to the deduction or withholding by the Employer of any amount required to be deducted or withheld.

***Effect of Death, Disability, Retirement or Termination***

Subject to the provisions described above and except as provided for in the RSU grant letter or as otherwise determined by the Committee, in the event of:

- (a) the death of the participant, all unvested RSUs credited to the participant will vest on the date of the participant's death. The Common Shares represented by the RSUs held by the participant shall be issued or acquired in the open market by the Broker, or cash will be paid, as determined by the Committee, to or for the benefit of the participant's estate as soon as practicable;
- (b) the disability of the participant, all RSUs credited to the participant which have not vested prior to the date on which the participant is determined to be totally disabled will vest on the earlier of (i) the 60<sup>th</sup> day following the date on which the participant is determined to be totally disabled and (ii) the participant's entitlement date, and the Common Shares represented by RSUs held by the participant shall be issued or acquired in the open market by the Broker, or cash will be paid, as determined by the Committee, to or for the benefit of the participant as soon as practicable;
- (c) if a participant shall cease to be employed by, or provide services to, the Corporation or an affiliate of the Corporation (and is not or does not continue to be a director or employee thereof) as a result of termination without cause, all unvested RSUs credited to the participant shall vest on the date of termination, and the Common Shares represented by RSUs held by the participant shall be issued or acquired in the open market by the Broker, or cash will be paid, as determined by the Committee, to or for the benefit of the participant as soon as practicable, in accordance with the RSU Plan; and
- (d) if a participant shall:

- (i) cease to be a director of the Corporation or an affiliate of the Corporation (and is not or does not continue to be an employee thereof) for any reason other than death or disability, or
- (ii) cease to be employed by, or provide services to, the Corporation or an affiliate of the Corporation (and is not or does not continue to be a director or employee thereof) for any reason other than death, disability or termination without cause, all RSUs held by such participant shall be forfeited and cancelled as of the date of termination, and the participant shall have no entitlement to receive any payment in respect of such forfeited RSUs, or any other amount in respect of such forfeited RSUs, by way of damages, payment in lieu or otherwise.

### ***Change of Control***

If there is a Change of Control (as defined in the RSU Plan), all RSUs outstanding that are held by a participant shall immediately vest on the date of such Change of Control notwithstanding the participant's entitlement date. In any event, upon a Change of Control, participants shall not be treated any more favourably than shareholders of the Corporation with respect to the consideration that the participants would be entitled to receive for their Common Shares.

### ***Take-Over Bid***

In the event that the Corporation becomes the subject of a take-over bid (within the meaning of the *Securities Act* (Ontario)) pursuant to which 100% of the issued and outstanding Common Shares are acquired by the offeror either directly or as a result of the compulsory acquisition provisions of the incorporating statute and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all holders of RSUs requiring them to surrender their RSUs within 10 days of the mailing of such notice, and the holders of RSUs shall be deemed to have surrendered such RSUs on the tenth (10<sup>th</sup>) day after the mailing of such notice without further formality, subject to certain conditions outlined in the RSU Plan being satisfied.

### ***Amendment or Discontinuance***

The Board or the Committee, as the case may be, may suspend or discontinue the RSU Plan, or any portion thereof, at any time without first obtaining shareholder approval and in its absolute discretion, provided that, without the consent of a participant, such suspension or discontinuance may not in any manner adversely affect the participant's rights under any RSU granted under the RSU Plan.

The Board or the Committee may, subject to receipt of requisite regulatory and shareholder approval, make the following amendments to the RSU Plan:

- (a) amend the number of securities under the RSU Plan;
- (b) change the definition of "Participant" under the RSU Plan which would have the potential of narrowing, broadening or increasing insider participation;
- (c) make amendments to the limits on non-employee director participation;
- (d) make amendments to the amending provisions of the RSU Plan; or

- (e) make amendments to permit RSUs, or any other right or interest of a participant under the RSU Plan, to be assigned or transferred, other than for normal estate settlement purposes.

The Board or the Committee may, subject to receipt of requisite regulatory approval, where required, in its sole discretion make all other amendments to the RSU Plan that are not of the type contemplated above, including, without limitation:

- (a) amendments of a housekeeping nature;
- (b) the addition or a change to the vesting provisions of an RSU or the RSU Plan;
- (c) a change to the termination provisions of an RSU or the RSU Plan;
- (d) amendments to reflect changes to applicable securities laws; and
- (e) amendments to ensure that the RSUs granted under the RSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a participant to whom an RSU has been granted may from time to time be resident or a citizen.

### **Summary of the Deferred Share Unit Plan**

On May 14, 2015, the Board approved the adoption of the DSU Plan. The Board decided that it is desirable to have a wide range of incentive plans including the DSU Plan in place to attract, retain and motivate directors of the Corporation. The DSU Plan was subsequently amended effective June 25, 2015.

Under the DSU Plan, an aggregate of up to 500,000 Common Shares (representing approximately 0.25% of the issued and outstanding Common Shares as at December 31, 2018) may be issued from treasury to participants by the Corporation to settle vested DSUs. As of December 31, 2018, no DSUs had been granted under the DSU Plan and 500,000 Common Shares (representing approximately 0.25% of the issued and outstanding Common Shares as at December 31, 2018) were available for issuance to settle vested DSUs. At the Meeting, the Corporation is seeking approval of an amendment to the DSU Plan to increase the number of common shares issuable thereunder from 500,000 to 1,500,000. See "*Business of the Meeting – Approval of Amendment to the Deferred Share Unit Plan*".

The DSUs of the Corporation provide for the payment of certain amounts, or the issuance of Common Shares, to the participants as described below.

The following table sets out the annual burn rate of the DSU Plan for each of the Corporation's three most recently completed fiscal years. The annual burn rate represents the total number of securities granted under the DSU Plan during the applicable fiscal year, divided by the weighted average number of securities outstanding for the applicable fiscal year.

<b>Fiscal Year</b>	<b>Annual Burn Rate (%)</b>
2016	-
2017	-
2018	-

The following is a summary of the key terms of the DSU Plan as of December 31, 2018, which summary is qualified in its entirety by reference to the full text of the DSU Plan, which is available under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### ***Purpose***

A DSU is a notional unit granted to an independent director and that is represented by a bookkeeping entry on the books of the Corporation, the value of which on any particular date is equal to the Market Value (as defined below) of a Common Share. The DSU Plan is designed to assist the Corporation in the recruitment and retention of qualified persons to serve as directors of the Corporation and to align the interests of eligible directors with the long-term interests of the shareholders of the Corporation.

No holder of any DSUs shall have any rights as a shareholder of the Corporation. The rights of a DSU holder shall be no greater than the rights of an unsecured creditor of the Corporation. The Corporation will not contribute any amounts to a third party or set aside any amounts to fund the benefits that will be provided under the DSU Plan.

For the purposes of the DSU Plan, "Market Value" means, with respect to any particular date, the greater of either: (a) the weighted average trading price of the Common Shares on the TSX; and (b) the average of daily high and low board lot trading prices of the Common Shares on the TSX, for the five consecutive trading days immediately prior to the date as of which Market Value is determined, provided that (i) where the Market Value would be determined with reference to a period commencing after a fiscal quarter end of the Corporation and ending prior to the public disclosure of interim financial statements for such quarter (or annual financial statements in the case of the fourth quarter), the calculation of the Market Value will be made with reference to the fifth trading day immediately following the date of public disclosure of the financial statements for that quarter, and (ii) in the event of a Cease Trade Date (as defined in the DSU Plan), Market Value shall be such other value as may be determined pursuant to the DSU Plan.

### ***Participants***

The DSU Plan authorizes the Board to grant DSUs to eligible directors of the Corporation (individually an "**Eligible Director**" and collectively "**Eligible Directors**"). Eligible Director means a director of the Corporation who does not receive employment income in respect of services rendered to the Corporation or any affiliate of the Corporation, otherwise than in his or her capacity as a member of the Board or a member of the board of directors of an affiliate of the Corporation.

### ***Administration***

The DSU Plan is administered by the Board or, if the Board so determines, the committee of the Board authorized to administer the DSU Plan, which includes any compensation committee of the Board (collectively, the "**Committee**").

### ***Grant of Units and Vesting***

The Committee may grant DSUs to an Eligible Director in accordance with the DSU Plan and with regards to what it determines is appropriate in respect of the services the Eligible Director renders as a member of the Board. Any and all conditions to the vesting of any DSUs granted to an Eligible Director shall be set out in the DSU grant letter. The Committee may accelerate and/or waive any vesting or other conditions for any DSUs for any Eligible Director at any time.



The aggregate maximum number of Common Shares available for issuance from treasury under the DSU Plan shall not exceed 500,000 Common Shares. The maximum number of Common Shares issuable to insiders, at any time, pursuant to the DSU Plan and any other security-based compensation arrangements of the Corporation is 10% of the total number of the Common Shares then outstanding. The maximum number of Common Shares issued to insiders, within any one year period, pursuant to the DSU Plan and any other security-based compensation arrangements of the Corporation is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issuable to non-employee directors, at any time, pursuant to the DSU Plan and any other security-based compensation arrangements of the Corporation is 1% of the total number of Common Shares then outstanding. The total annual grant to any one non-employee director, within any one year period, pursuant to the DSU Plan and any other security-based compensation arrangements of the Corporation shall not exceed a maximum grant value of \$150,000 worth of securities.

If any DSUs granted under the DSU Plan expire, terminate or are cancelled for any reason (including, without limitation, the satisfaction of the DSU by means of a cash payment) without being paid out or settled in the form of Common Shares issued from treasury, any unissued Common Shares to which such DSUs relate shall be available for the purposes of the granting of further DSUs under the DSU Plan or other securities pursuant to all other applicable security-based compensation arrangements of the Corporation. If any rights to acquire Common Shares granted under any other security-based compensation arrangements of the Corporation shall expire or terminate for any reason without having been exercised in full, any Common Shares to which such security relates shall be available for the purposes of the granting of further DSUs under the DSU Plan.

If determined by the Committee in its sole discretion and if set out in the applicable DSU grant letter, on the payment date for cash dividends paid on Common Shares (the "**Dividend Payment Date**"), the account for each Eligible Director shall be credited, as an additional bonus for services rendered in that calendar year, with additional DSUs in respect of the number of DSUs credited to the Eligible Director's account as of the record date for payment of such dividends (the "**Dividend Record Date**"). In such case, the number of additional DSUs will be equal to (computed to two decimal places) the aggregate amount of dividends that would have been paid to the Eligible Director if the DSUs in the Eligible Director's account on the Dividend Record Date had been Common Shares divided by the Market Value of a Common Share on the Dividend Payment Date.

### ***Redemption***

DSUs are to be redeemed as soon as practicable after the redemption date, but in any event no later than December 31<sup>st</sup> of the first calendar year following the calendar year in which the director ceased to be a director.

On a date to be determined by the Board, in its sole discretion, after the Eligible Director's termination date (the "**Redemption Date**"), the vested DSUs credited to the Eligible Director's account shall be redeemed and shall be paid by the Corporation to the Eligible Director (or if the Eligible Director has died, to the Eligible Director's beneficiary) in the form of a lump sum cash payment, or its equivalent in fully-paid Common Shares at the time, less applicable withholding taxes, as soon as practicable after such Redemption Date, provided that in any event such payment shall be made no later than December 31<sup>st</sup> of the first (1<sup>st</sup>) calendar year commencing immediately after the Eligible Director's termination date. The fair market value of the DSUs shall be determined as of the Redemption Date.

### ***Transferability***

The DSUs are non-transferable. Subject to the requirements of applicable laws, an Eligible Director shall designate in writing a person who is a dependent or relation of the Eligible Director as a beneficiary to receive any benefits that are payable under the DSU Plan upon the death of such Eligible Director. The Eligible Director may, subject to applicable laws, change such designation from time to time in writing.

### ***Blackout Periods***

Subject to the terms of the DSU Plan, in the event that an Eligible Director's redemption date falls on or within 10 business days of the expiration of a Blackout Period applicable to such Eligible Director, the redemption date shall be extended to the close of business on the tenth business day following the expiration of the Blackout Period. For the purposes of the DSU Plan, "Blackout Period" refers to a period when an Eligible Director is prohibited from trading in the Corporation's securities pursuant to the Corporation's written policies then applicable or a notice in writing to an Eligible Director by a senior officer or a director of the Corporation.

### ***Amendment and Termination***

The DSU Plan provides that the Board or Committee may at any time amend, suspend or terminate in whole or in part the DSU Plan in such respects as it may consider advisable. The Board or Committee may, subject to regulatory and shareholder approval, make the following amendments to the DSU Plan:

- (a) amend the number of securities under the DSU Plan;
- (b) change the definition of Eligible Director under the DSU Plan, which has the potential to narrow, broaden or increase insider participation;
- (c) make amendments to the limits on non-employee director participation;
- (d) make amendments to the amending provisions of the DSU Plan; or
- (e) make amendments to the DSU Plan that would permit DSUs, or any other right or interest of an Eligible Director under the DSU Plan, to be assigned or transferred, other than for estate settlement purposes.

The DSU Plan provides that the Board or the Committee may, subject to receipt of applicable regulatory approval, without obtaining shareholder approval, make all other amendments to the DSU Plan that are not of the type listed above, including, without limitation:

- (a) amendments of a housekeeping nature;
- (b) the addition or a change to the vesting provisions of a DSU or the DSU Plan;
- (c) a change to the termination provisions of a DSU or the DSU Plan;
- (d) amendments to reflect changes to applicable securities laws; and
- (e) amendments to ensure that the DSUs granted under the DSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which an Eligible Director to whom a DSU has been granted may from time to time be resident or a citizen.

All DSUs that have not vested prior to the "Termination Date" (the earliest date on which the Eligible Director (i) is not a member of the Board nor a member of the board of directors of an affiliate of the Corporation, and (ii) is not an employee, within the meaning of the *Income Tax Act* (Canada), of the Corporation or any affiliate) will terminate. If there is a change of control (as defined in the DSU Plan), all DSUs outstanding shall immediately vest on the date of such change of control.

### ***Changes in Capital***

DSUs may be adjusted if there is a subdivision, consolidation, reclassification or recapitalization or other change with respect to the number of outstanding Common Shares and not as a result of the issuance of Common Shares for additional consideration or by way of a dividend in the ordinary course. In such a case, the Committee shall, subject to TSX approval, make adjustments to the number of DSUs outstanding under the DSU Plan provided that the dollar value of DSUs credited to an Eligible Director's account immediately after such an adjustment shall not exceed the dollar value of the DSUs credited to such Eligible Director's account immediately prior thereto.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### **Board of Directors**

The Corporation currently has seven directors, a majority of whom are considered independent for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). Following the Meeting, it is expected that five of the seven directors (namely, Messrs. Lemasson, Little, Makuch, Seaman and Vitton) will be considered independent (assuming the election of the nominees) for the purposes of NI 58-101. Mr. Downie is not considered to be independent by virtue of the fact that he is the President and Chief Executive Officer of the Corporation. Mr. Begeman is not considered to be independent by virtue of the fact that he is the Executive Chairman of the Corporation.

The following table sets out, for each director of the Corporation, his independence, his attendance record for all meetings of the Board held since the beginning of the most recently completed financial year of the Corporation, and the other reporting issuers (or the equivalent in a foreign jurisdiction) of which he is also a director:

<b>Name of Director</b>	<b>Independence</b>	<b>Board Meetings Attended</b>	<b>Other Reporting Issuers</b>
John A. Begeman	Not independent	12 out of 12	African Gold Group, Inc. Yamana Gold Inc.
Ewan S. Downie	Not independent	12 out of 12	Wolfden Resources Corporation
Claude Lemasson	Independent	12 out of 12	Eastmain Resources Inc.
Ron Little	Independent	12 out of 12	Wolfden Resources Corporation
Anthony Makuch	Independent	11 out of 12	Barkerville Gold Mines Ltd. Kirkland Lake Gold Ltd.
John Seaman	Independent	12 out of 12	Wolfden Resources Corporation
Michael Vitton	Independent	12 out of 12	None

For the financial year ended December 31, 2018, the independent directors of the Corporation held 10 in-camera sessions (subsequent to the Board meetings) without members of management present in order to discuss the business of the Corporation.

As of the date of this Circular, Mr. John Begeman is the Executive Chairman of the Board and is not considered to be independent for purposes of NI 58-101. Mr. John Seaman is lead independent director. The position of lead independent director is a non-executive position, which focuses on ensuring open and candid discussion takes place among the independent directors as well as between independent and non-independent directors. To enhance the effectiveness of the Board, among other things, the lead independent director ensures that the independent directors have an opportunity to meet, without management and the non-independent directors being present, at each regularly scheduled meeting of the Board.

The Chairman plays a leading and critical role on behalf of the Board in its supervision of senior management of the business and affairs of the Corporation. The Chairman is primarily responsible for the management of the Chief Executive Officer of the Corporation and effective performance of the Board and provides leadership to the Chief Executive Officer and the Board. The written mandate of the Chairman states that the Chairman should provide leadership to the Board, including by:

- leading, managing and organizing the Board consistent with the approach to corporate governance established by the Board from time to time;
- promoting cohesiveness among the directors;
- being satisfied, together with the lead independent director, if any, that the responsibilities of the Board and the committees of the Board are well understood by the Board;
- assisting the Board in ensuring the integrity and ethics of the senior officers and that such senior officers create a culture of fairness, integrity and ethics consistent with the policies of the Corporation, throughout the Corporation;
- together with the lead independent director, if any, and the Chairs of the Corporate Governance Committee and Compensation and Nominating Committee, reviewing from time to time the committees of the Board, the Chairs of such committees and the mandates of such committees; and
- together with the lead independent director, if any, and the Chairs of the Corporate Governance Committee and Compensation and Nominating Committee, ensuring that the Board, the committees of the Board, individual directors and the senior officers understand and discharge their respective obligations consistent with the approach to corporate governance established by the Board and the policies of the Corporation from time to time.

The Chairman also acts in an advisory and supervisory capacity to the senior officers of the Corporation in all matters concerning the interests, affairs and management of the Corporation.

### **Board Mandate**

The duties and responsibilities of the directors of the Board are to supervise the management of the business and affairs of the Corporation; and to act in the best interests of the Corporation. In discharging its mandate, the directors of the Corporation are responsible for the oversight and review of the development of, among other things, the following matters:

- the strategic direction of the Corporation;
- identifying the principal business risks of the Corporation and ensuring that procedures and people are in place to appropriately manage these risks;

- succession planning, including appointing, training and monitoring senior management;
- a communications policy for the Corporation to facilitate communications with investors and other interested parties; and
- the integrity of the internal controls and procedures (including adequate management information systems and the oversight of the testing of internal controls) within the Corporation.

The Board also has the mandate to assess the effectiveness of the Board as a whole, its committees and the contribution of individual directors. The Board discharges its responsibilities and obligations either directly or through its committees, currently consisting of the Audit Committee, the Compensation and Nominating Committee, the Corporate Governance Committee and the Sustainability Committee. A copy of the Mandate of the Board setting out the Board's mandate and responsibilities is available on the Corporation's website at [www.premiergoldmines.com](http://www.premiergoldmines.com).

### **Position Descriptions**

The Board has developed written mandates for the Chairman of the Board and the Chief Executive Officer, and written responsibilities for the chair of each committee of the Board.

### **Orientation and Continuing Education**

The Chief Executive Officer of the Corporation is responsible for providing an orientation and education program for new directors of the Corporation. When a new director is added, he or she will be given the opportunity to become familiar with the Corporation by meeting with the other directors and with the officers and representatives of the Corporation. As each director has a different skill set and professional background, orientation and continuing education activities will be tailored to the particular needs and experience of each director.

In October 2018, the Corporation held a two-day off-site strategy session for the directors of the Corporation. In addition to discussions regarding strategy, presentations were given to the directors of the Corporation on current issues regarding the business of the Corporation. The Corporation plans to organize similar strategy and educational sessions for its directors on an annual basis.

### **Ethical Business Conduct**

The directors of the Corporation have adopted a written code of business conduct and ethics for the directors, officers and employees (the "**Code**"). A copy of the Code may be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [www.premiergoldmines.com](http://www.premiergoldmines.com). Employees who know of or suspect a violation of the Code or of any applicable laws, rules or regulations have an obligation to immediately report this information to a member of management or the Audit Committee. The directors of the Corporation are responsible for monitoring compliance with the Code and for regularly assessing its adequacy.

The directors of the Corporation as a whole ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer of the Corporation has a material interest by requiring such director or executive officer to disclose any potential or actual conflicts of interest to the Chairman of the Corporation. If the Chairman determines that a conflict exists, such director or executive officer does not participate in the discussion or decisions regarding the

transaction or agreements. Directors and executive officers of the Corporation are urged, where appropriate, to retain independent professional advice to ensure the fulfillment of their duties.

### **Nomination of Directors**

The Compensation and Nominating Committee is responsible for identifying potential candidates for the Board and also considers, from time to time, the desirable number of directors of the Corporation. The Compensation and Nominating Committee has been delegated the responsibility of assessing potential candidates for the Board to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board are also consulted for possible candidates.

The Compensation and Nominating Committee is comprised entirely of independent directors, being Messrs. Lemasson, Seaman and Makuch. The Compensation and Nominating Committee considers from time to time the desirable number of directors of the Corporation, identifies and recommends to the Corporation and the Board proposed nominees to be directors of the Corporation, and considers a skills matrix for the Board, which includes the competencies and skills which each individual director possesses.

### **Compensation**

The Compensation and Nominating Committee is comprised entirely of independent directors, being Messrs. Lemasson, Seaman and Makuch. For information regarding the skills and experience of the members of the Compensation and Nominating Committee, see "*Statement of Executive Compensation – Compensation Discussion and Analysis – Compensation Governance*" above.

The Compensation and Nominating Committee is responsible for assisting the Board in setting director and senior officer compensation and to develop and submit to the Board recommendations with respect to other employee benefits considered advisable. In particular, the Compensation and Nominating Committee is responsible for, among other things, reviewing and making recommendations to the Board with respect to the compensation policies and practices of the Corporation, annually reviewing and recommending to the Board for approval the remuneration of the senior officers of the Corporation, reviewing and making a recommendation to the Board on the hiring or termination of any senior executive or on special employment contracts, annually recommending to the Board any incentive award to be made to the senior executives under any incentive plan or under any employment agreement and annually comparing the total remuneration of the senior executives with the remuneration of peers in the same industry.

The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation and Nominating Committee on the Corporation's overall compensation and benefits philosophies with such compensation realistically reflecting the responsibilities and risks of such positions. For more information with respect to the compensation of the Named Executive Officers and the directors of the Corporation, see "*Statement of Executive Compensation*" above.

### **Other Board Committees**

In addition to the Audit Committee and the Compensation and Nominating Committee, the directors of the Corporation have established the Sustainability Committee and the Corporate Governance Committee. The Sustainability Committee is responsible for reviewing reports from management of the Corporation concerning the Corporation's compliance with applicable laws, rules, regulations and standards of corporate conduct with respect to technical information as well as health, safety, environmental and corporate social responsibility matters.

The Corporate Governance Committee is responsible for assisting the Corporation and the Board in fulfilling their respective corporate governance responsibilities under applicable securities laws, instruments, rules and mandatory policies and regulatory requirements and to promote a culture of integrity throughout the Corporation.

Information regarding the Audit Committee, including the complete text of the charter of the Audit Committee, is set forth in the annual information form of the Corporation dated March 29, 2019 under the heading "*Audit Committee Disclosure*".

### **Assessments**

The current practice of the Board is for the Board to make ongoing, informal assessments of the performance of the Board, its committees and individual directors. The Board also has a formal assessment questionnaire that the Board as a whole responds to. The assessment looks at the performance of the Board as a whole. The results of such formal assessment are tabulated by an independent source and then sent to the Chair of the Corporate Governance Committee who completes a report on this basis.

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

As set forth above under "*Business of the Meeting - Election of Directors*", each director elected serves until the next annual meeting of shareholders unless his or her office is earlier vacated in accordance with the by-laws of the Corporation. The Board does not currently have a limit on the number of consecutive terms for which a director may sit as it believes that arbitrary term or age limits often prevent or restrict the continued service on the Board of the most experienced and valuable directors who will have acquired an institutional knowledge of the Corporation from such years of service. The imposition of inflexible term limits may not necessarily correlate with returns or benefits for stakeholders. Rather, the Board maintains a flexible approach to Board succession whereby it considers the addition of potential candidates in conjunction with its assessments of current directors and the Board as a whole. The Compensation and Nominating Committee and the Board have an effective director evaluation process which is used at least annually and which the Board believes is a more effective method to assess the fitness for service on the Board than age or term served. Further, the Compensation and Nominating Committee surveys each director individually prior to each meeting of shareholders at which directors are to be elected to determine whether each director has sufficient time to devote to his or her Board duties and whether there is any other reason for which such director does not believe he or she should stand for re-election. The Board believes that the above approach allows the Corporation to maintain an effective Board succession process.

### **Majority Voting Policy**

The Board has adopted a majority voting policy (the "**Majority Voting Policy**") which provides that in an uncontested election of directors, if any nominee for director receives a greater number of votes "withheld" from his or her election than votes "for" such election, that director will immediately tender his or her resignation to the Board following the meeting. The Compensation and Nominating Committee will consider the offer of resignation and recommend to the Board whether or not to accept it. In its deliberations, the Compensation and Nominating Committee will consider any exceptional circumstances that would justify not accepting the resignation. The Compensation and Nominating Committee is expected to recommend that the Board accept the resignation absent exceptional circumstances. The Board will render a decision as to whether or not to accept the resignation within 90 days following the applicable shareholders' meeting, after considering the circumstances considered by the Compensation and Nominating Committee and any other circumstances that the Board considers relevant. The Board will accept the resignation absent exceptional circumstances that would warrant the director continuing to serve on the Board. The Board will promptly issue a press release to announce its decision, a copy of which will

be provided to the TSX. If a director refuses to tender his or her resignation in accordance with the Majority Voting Policy, such director will not be re-nominated at the next election.

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

The Corporation believes that decision-making is enhanced through diversity in the broadest sense and it has recently adopted a diversity policy (the "**Diversity Policy**") to reflect this principle. In the context of an effective Board, diversity includes expression of thought, business experience, skill sets and capabilities. Diversity also includes valuing an individual's race, colour, gender, age, religious belief, ethnicity, cultural background, economic circumstance, human capacity and sexual orientation. Taken together, these diverse skills and backgrounds help to create a business environment that encourages a range of perspectives and fosters excellence in the creation of shareholder value. The Corporation believes that diversity provides a competitive advantage and makes for better decisions, which create further value for shareholders. The Corporation supports and encourages diversity at all levels: the Board, the senior management team and throughout the organization. The Corporation is committed to increasing diversity on the Board, including the appointment of Board seats held by women.

Pursuant to the Diversity Policy, the Corporate Governance Committee reviews and assesses Board composition on behalf of the Board and recommends the appointment of new directors. In connection with this process, the Corporate Governance Committee assesses the effectiveness of the Board as a whole, its committees and individual directors. The Corporate Governance Committee considers the results of these assessments and the balance of skills, experience, independence and knowledge on the Board, diversity, how the Board works together as a unit, and other factors relevant to its effectiveness in making recommendations relating to Board appointments. The Corporation believes that a Board made up of highly qualified individuals from diverse backgrounds promotes better corporate governance and performance and effective decision-making.

In reviewing Board composition, the Corporate Governance Committee considers the benefits of all aspects of diversity, including gender, age, ethnicity, disability and geographical background of each candidate, in order to enable the Board to discharge its duties and responsibilities effectively. Board appointment recommendations look to highly qualified individuals based on their experience, education, expertise, personal qualities, and general business and sector specific knowledge.

In identifying suitable candidates for appointment to the Board, the Corporate Governance Committee considers candidates on merit against objective criteria as described above and with due regard for the benefits of diversity on the Board.

The Corporate Governance Committee is responsible for assessing on an annual basis the Corporation's progress against the Diversity Policy's objectives but has not completed such an assessment.

### **Consideration of the Representation of Women in the Director Identification and Selection Process**

Pursuant to the Diversity Policy, the Corporate Governance Committee actively seeks women candidates during the director identification and selection process by reviewing information sources that profile women who are currently on or have an interest in serving on public Canadian boards and also by identifying qualified women in the mining industry. Selection of female candidates to join the Board will be, in part, dependent on the pool of female candidates with the necessary skills, knowledge and experience. The ultimate decision will be based on merit and contribution before the chosen candidate is brought to the Board.



### **Consideration Given to the Representation of Women in Executive Officer Appointments**

The Diversity Policy also covers senior executive appointments and requires the Chief Executive Officer to have reference to the Diversity Policy in selecting and assessing candidates and in presenting recommendations to the Board regarding appointments to the senior executive team. The Diversity Policy requires the Board to also consider gender diversity and the objectives of the Diversity Policy when considering those recommendations.

### **Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

The Corporation has not adopted a target regarding women on the Board or in executive officer positions, as the Board does not believe a fixed target regarding the representation of women on the Board or in senior leadership (including executive officer positions) would automatically result in the identification or selection of the most appropriate candidates for the Corporation's specialized business and its current stage of operations. None (0%) of the directors on the Board are women. One (12.5%) of the eight executive officers of the Corporation is a woman. Diversity, including gender, age, nationality, cultural and educational background and business and other experience, is one of the factors that the Compensation and Nominating Committee considers in identifying and nominating candidates for election or re-election to the Board. The Compensation and Nominating Committee believes all of these factors are relevant to ensure high functioning board members and that establishing fixed targets based upon only one of these factors may disqualify desirable director candidates. Further, the Compensation and Nominating Committee believes that appointments of directors and executive officers should be made, and should be perceived as being made, on the merits of individuals and that the adoption of a fixed target could interfere with the application of this approach. Merit is considered by the Compensation and Nominating Committee against objective criteria, while having due regard to the benefits of diversity and to the needs of the Corporation. The Corporation is committed to providing an environment in which all employees and directors are treated with fairness and respect, and have equal access to opportunities for advancement based on skills and aptitude.

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

No person who is, or at any time during the most recently completed financial year was, a director or executive officer of the Corporation, no person proposed to be nominated for election as a director of the Corporation, nor any associate of any such director, executive officer or proposed nominee, is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or any of its subsidiaries, or indebted to another entity, where such indebtedness is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries, pursuant to a security purchase program of the Corporation or otherwise.

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

Except as otherwise disclosed herein, no informed person (as that term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Corporation, no person proposed to be nominated for election as a director of the Corporation, nor any associate or affiliate of any of them, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Corporation or any of its subsidiaries.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Further financial information is provided in the comparative financial statements and the management's discussion and analysis of the Corporation for its most recently completed financial year ended December 31, 2018, which have been filed on SEDAR. The Corporation will provide these documents to any shareholder of the Corporation, without charge, upon request to the Secretary of the Corporation.

### **APPROVAL**

The contents of this Circular and the sending thereof to the shareholders of the Corporation have been approved by the directors of the Corporation.

DATED at Thunder Bay, Ontario as of this 23<sup>rd</sup> day of May, 2019.

**BY ORDER OF THE BOARD**

(Signed) *Ewan S. Downie*  
President and Chief Executive Officer

## SCHEDULE "A"

### PREMIER GOLD MINES LIMITED

#### SHARE INCENTIVE PLAN AMENDED AND RESTATED AS OF MAY 23, 2019

#### ARTICLE 1 DEFINITIONS AND INTERPRETATION

**Section 1.01 Definitions.** For purposes of the Plan, unless such word or term is otherwise defined herein or the context in which such word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

- (a) "Act" means the *Business Corporations Act* (Ontario) or its successor, as amended from time to time;
- (b) "Affiliate" means, subject to Section 1.02, any corporation that deals at non-arm's length with the Corporation for the purposes of the Tax Act;
- (c) "Blackout Period" means an interval of time during which (i) the then trading guidelines of the Corporation restrict one or more Participants from trading in securities of the Corporation or (ii) the Corporation has determined that one or more Participants may not trade in securities of the Corporation;
- (d) "Blackout Period Expiry Date" means the date on which the applicable Blackout Period expires;
- (e) "Business Day" means any day on which the Stock Exchange is open for trading;
- (f) "Change Affecting the Eligible Employee's Employment" in respect of an Eligible Employee shall have the meaning ascribed to the term "Change Affecting the Executive's Employment" in such Eligible Employee's Employment Contract, and otherwise shall mean the continued occurrence of any of the following conditions without the Eligible Employee's consent after the Eligible Employee has given the Corporation or the applicable Designated Affiliate written notice of such condition within thirty days following the initial existence of the condition, and the Corporation or the applicable Designated Affiliate, as applicable, has failed to cure such condition within 30 days of the date it received notice of the condition:
  - (i) any material change in the employment conditions of the Eligible Employee that would materially adversely affect the nature and status of the Eligible Employee's duties and responsibilities, including, without limitation, any change in title, position or reporting relationship;
  - (ii) a material reduction in the Eligible Employee's compensation package, including, without limitation, the Eligible Employee's base salary, incentive bonus or stock options in effect at the time of the Change of Control;
  - (iii) any material failure by the Corporation to continue to provide the Eligible Employee with the benefits, allowances or perquisites substantially similar to those enjoyed by the Eligible Employee at the time of the Change of Control; or

- (iv) a material change in work location, or any other material change to the terms and conditions of the Eligible Employee's employment that is ultimately determined by a court of competent jurisdiction to constitute a constructive dismissal.
- (g) "Change of Control" means the occurrence of any one or more of the following events:
  - (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Voting Securities prior to the completion of the transaction hold less than 50% of the outstanding Voting Securities of the successor corporation after completion of the transaction;
  - (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Affiliates which have an aggregate book value greater than 30% of the book value of the assets, rights and properties of the Corporation and its Affiliates on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned Affiliate in the course of a reorganization of the assets of the Corporation and its Affiliates;
  - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
  - (iv) any person, entity or group of persons or entities acting jointly or in concert (an "Acquiror") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or Affiliates of the Acquiror to cast or to direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);
  - (v) as a result of or in connection with: (A) a contested election of directors, or (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity (a "Transaction"), fewer than 50% of the directors of the Corporation are persons who were directors of the Corporation immediately prior to such election or the Transaction; or
  - (vi) the Directors adopt a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

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

- (h) "Committee" shall mean the Directors or, if the Directors so determine in accordance with Section 2.03 of the Plan, the committee of the Directors authorized to administer the Plan;
- (i) "Common Shares" shall mean the common shares of the Corporation, as adjusted in accordance with the provisions of Article 5 of the Plan from time to time;
- (j) "Corporation" means Premier Gold Mines Limited, a corporation incorporated under the Act, and any successor corporation thereto;
- (k) "Date of Termination" means the date of termination of employment or the date of termination of a contract for services set out in a notice of termination given by the Corporation or a Designated Affiliate and for greater certainty does not include, or mean the expiry date of, any period of time following such date of termination during which the Participant is in receipt of, or is entitled to be in receipt of, compensation in lieu of notice of termination or severance compensation;
- (l) "Designated Affiliates" means the Affiliates of the Corporation designated by the Committee for purposes of the Plan from time to time;
- (m) "Directors" shall mean the board of directors of the Corporation from time to time;
- (n) "Eligible Directors" shall mean the Directors or the directors of any Designated Affiliate from time to time;
- (o) "Eligible Employees" shall mean employees and officers, whether Directors or not, and including both full-time and part-time employees, of the Corporation or any Designated Affiliate;
- (p) "Employment Contract" means any contract between the Corporation or any Designated Affiliate and any Eligible Employee, Eligible Director or Other Participant relating to, or entered into in connection with, the employment of the Eligible Employee, the appointment or election of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Corporation or a Designated Affiliate is a party with respect to the rights of such Participant in respect of a change in control of the Corporation or the termination of employment, appointment, election or engagement of such Participant;
- (q) "Insider" has the meaning given to term "insider" in Part I of the TSX Company Manual;
- (r) "Involuntary Termination" in respect of an Eligible Employee shall have the meaning ascribed to such term in such Eligible Employee's Employment Contract, and otherwise shall mean:
  - (i) the termination by the Corporation or the applicable Designated Affiliate of the Eligible Employee's employment for any reason (other than the cessation of employment caused by the Eligible Employee's death or disability), or the Eligible Employee's termination of employment for just cause at any time during the twelve month period following a Change of Control;
  - (ii) the resignation by the Eligible Employee of his or her employment within a ninety day period immediately following any Change Affecting the Eligible

Employee's employment that occurs within the twelve (12) month period following a Change of Control; or

- (iii) the refusal by the Eligible Employee of any offer of continued employment with any successor of the Corporation that occurs within ninety (90) days following a Change of Control.
- (s) "Non-Employee Director" means any individual who is a Director or a director of any Designated Affiliate and who is not otherwise a full-time or part-time employee of the Corporation or a Designated Affiliate;
- (t) "Option" shall mean an option to purchase Common Shares granted pursuant to, or governed by, the Plan;
- (u) "Optionee" shall mean a Participant to whom an Option has been granted pursuant to the Plan;
- (v) "Option Period" shall mean the period of time during which the particular Option may be exercised, including as extended in accordance with Section 3.13 of the Plan;
- (w) "Other Participants" shall mean any person or corporation engaged to provide ongoing management or consulting services for the Corporation or a Designated Affiliate, or any employee of such person or corporation, other than an Eligible Director or an Eligible Employee;
- (x) "Participant" shall mean each Eligible Director, Eligible Employee and Other Participant;
- (y) "Plan" means this amended and restated share incentive plan;
- (z) "Service Provider" means an employee or Insider of the Corporation or any Designated Affiliate and any other person or corporation engaged to provide ongoing management, consulting or other services for the Corporation or any Designated Affiliate;
- (aa) "Share Compensation Arrangement" means a share option, share option plan, employee share purchase plan, restricted share unit plan, or any other compensation or incentive mechanism involving the issue or potential issue of securities of the Corporation to one or more Service Providers, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
- (bb) "Stock Exchange" means the TSX, or, if the Common Shares are not then traded on the TSX, such other principal market upon which the Common Shares are traded as designated by the Committee from time to time;
- (cc) "Tax Act" means the *Income Tax Act* (Canada), together with any regulations thereto, as amended from time to time; and
- (dd) "TSX" means the Toronto Stock Exchange.

**Section 1.02 Securities Definitions.** In the Plan, the terms "Affiliate", "associate" and "subsidiary" shall have the meaning given to such terms in the *Securities Act* (Ontario).

**Section 1.03 Headings.** The headings of all articles, sections, and paragraphs in the Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of the Plan.

**Section 1.04 Context, Construction.** Whenever the singular or masculine are used in the Plan, the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires.

**Section 1.05 References to this Plan.** The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to the Plan as a whole and not to any particular article, section, paragraph or other part hereof.

**Section 1.06 Canadian Funds.** Unless otherwise specifically provided, all references to dollar amounts in the Plan are references to lawful money of Canada.

## **ARTICLE 2 PURPOSE AND ADMINISTRATION OF THE PLAN**

**Section 2.01 Purpose of the Plan.** The Plan provides for the acquisition of Common Shares by Participants for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of key employees and directors of the Corporation and Designated Affiliates and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of Common Shares by key employees and directors of the Corporation and Designated Affiliates, it being generally recognized that share incentive plans aid in attracting, retaining and encouraging employees and directors due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

**Section 2.02 Administration of the Plan.** The Plan shall be administered by the Committee and the Committee shall have full authority to administer the Plan including the authority to interpret and construe any provision of the Plan and to adopt, amend and rescind such rules and regulations for administering the Plan as the Committee may deem necessary or desirable in order to comply with the requirements of the Plan, subject in all cases to compliance with regulatory requirements. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with the Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary or desirable for the implementation of the Plan and of the rules and regulations established for administering the Plan. All costs incurred in connection with the Plan shall be for the account of the Corporation or, if determined by the Corporation, for the account of the Corporation and any Designated Affiliates.

**Section 2.03 Delegation to Committee.** All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprised of not less than three Directors.

**Section 2.04 Record Keeping.** The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Optionee;
- (b) the number of Common Shares subject to Options granted to each Optionee; and

- (c) the aggregate number of Common Shares subject to Options.

**Section 2.05 Determination of Participants.** The Committee shall from time to time determine the Participants who may participate in the Plan. The Committee may from time to time determine the Participants to whom Options may be granted, the number of Common Shares to be made subject to and the expiry date of each Option granted to each Participant and the other terms of each Option granted to each Participant, all such determinations to be made in accordance with the provisions of the Plan, and the Committee may take into consideration the present and potential contributions of, and the services rendered by, the particular Participant to the success of the Corporation and any other factors which the Committee deems appropriate and relevant.

**Section 2.06 Maximum Number of Shares.**

- (a) The maximum number of Common Shares made available for the Plan and all other Share Compensation Arrangements shall not exceed 10% of the total number of Common Shares then outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option.
- (b) The maximum number of Common Shares issuable to Insiders, at any time, pursuant to this Plan and any other Share Compensation Arrangement is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issued to Insiders, within any one year period, pursuant to this Plan and any other Share Compensation Arrangement is 10% of the total number of Common Shares then outstanding.
- (c) The maximum number of Common Shares issuable to Non-Employee Directors, at any time, pursuant to this Plan and any other any other Share Compensation Arrangement is 1% of the total number of Common Shares then outstanding. The total annual grant to any one Non-Employee Director, within any one year period, pursuant to this Plan and any other Share Compensation Arrangement shall not exceed a maximum grant value of \$150,000 worth of securities, of which the value of Options shall not exceed \$100,000 per Non-Employee Director. For purposes of this Section 2.06(c), the value of securities granted under all Share Compensation Arrangements of the Corporation shall be determined using a generally-accepted valuation model.
- (d) For the purposes of Section 2.06(c), the aggregate number of securities granted under all Share Compensation Arrangements shall be calculated without reference to:
  - (i) the initial securities granted under the Share Compensation Arrangements (pre-existing or otherwise) to a person who was not previously an Insider of the Corporation, upon such person becoming or agreeing to become a Director of the Corporation. However, the aggregate number of securities granted under all Share Compensation Arrangements in this initial grant to any one Non-Employee Director shall not exceed a maximum value of \$150,000 worth of securities; and
  - (ii) the securities granted under the Share Compensation Arrangements to an Eligible Director who was also an officer of the Corporation at the time of grant but who subsequently became a Non-Employee Director.



**ARTICLE 3  
SHARE OPTION PLAN**

**Section 3.01 The Share Option Plan and Participants.** A share option plan is hereby established for Eligible Directors, Eligible Employees and Other Participants.

**Section 3.02 Option Notice or Agreement.** Each Option granted to a Participant shall be evidenced by a stock option notice or stock option agreement setting out terms and conditions consistent with the provisions of the Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.

**Section 3.03 Exercise Price.** The price per share at which any Common Share which is the subject of an Option may be purchased shall be determined by the Committee at the time the Option is granted, provided that such price shall be not less than the closing price of the Common Shares on the Stock Exchange on the last trading day immediately preceding the date of the grant of such Option.

**Section 3.04 Term of Option.** The Option Period for each Option shall be such period of time as shall be determined by the Committee, subject to amendment by an Employment Contract, provided that, subject to Section 3.13 of the Plan, in no event shall an Option Period exceed 10 years.

**Section 3.05 Lapsed Options.** If Options granted under the Plan are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options.

**Section 3.06 Limit on Options to be Exercised.** Except as otherwise specifically provided in any Employment Contract or in Section 3.09, Section 3.11 or Section 3.14 of the Plan, Options may be exercised (in each case to the nearest full share) during the Option Period only in accordance with the vesting schedule, if any, determined by the Committee, in its sole and absolute discretion, at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option shall be exercisable in whole at any time, or in part from time to time, during the Option Period.

**Section 3.07 Eligible Participants on Exercise.** Subject to Section 3.06 of the Plan, an Option may be exercised by the Optionee in whole at any time, or in part from time to time, during the Option Period, provided however that, except as otherwise specifically provided in Section 3.10 or Section 3.11 of the Plan or in any Employment Contract, no Option may be exercised unless the Optionee at the time of exercise thereof is:

- (a) in the case of an Eligible Employee, an officer of the Corporation or a Designated Affiliate or in the employment of the Corporation or a Designated Affiliate and has been continuously an officer or so employed since the date of the grant of such Option, provided however that a leave of absence with the approval of the Corporation or such Designated Affiliate shall not be considered an interruption of employment for purposes of the Plan;
- (b) in the case of an Eligible Director who is not also an Eligible Employee, a director of the Corporation or a Designated Affiliate and has been such a director continuously since the date of the grant of such Option; and

- (c) in the case of any Other Participant, engaged, directly or indirectly, in providing ongoing management, consulting or other services for the Corporation or a Designated Affiliate and has been so engaged since the date of the grant of such Option.

**Section 3.08 Payment of Exercise Price.** The issue of Common Shares on exercise of any Option shall be contingent upon receipt by the Corporation of payment of the aggregate purchase price for the Common Shares in respect of which the Option has been exercised by cash or certified cheque delivered to the registered office of the Corporation together with a validly completed notice of exercise, and funds necessary to satisfy any withholding tax obligation of the Corporation or any Designated Affiliate. No Optionee or legal representative, legatee or distributee of any Optionee will be, or will be deemed to be, a holder of any Common Shares with respect to which such Optionee was granted an Option, unless and until a certificate for such Common Shares is issued to such Optionee, or them, under the terms of the Plan. Subject to Section 3.12 of the Plan, upon an Optionee exercising an Option and paying the Corporation the aggregate purchase price for the Common Shares in respect of which the Option has been exercised, the Corporation shall as soon as practicable issue and deliver a certificate representing the Common Shares so purchased.

**Section 3.09 Acceleration on Take-over Bid.** If there is a take-over bid (within the meaning of the *Securities Act* (Ontario)) made for all or a portion of the outstanding Common Shares, then the Committee may, by resolution, permit all Options outstanding to become immediately exercisable, notwithstanding Section 3.06 of the Plan or any term or condition of any Option, in order to permit Common Shares issuable under such Options to be tendered to such bid.

**Section 3.10 Effect of Death.** If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Corporation or Designated Affiliate on behalf of the Other Participant (in either case, for the purposes of this Section 3.10, the "deceased"), shall die, any Option held by such Participant or Other Participant at the date of such death shall become immediately exercisable notwithstanding Section 3.06 of the Plan or any term or condition of such Option, and shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the deceased or the laws of descent and distribution until the expiration of the Option Period in respect of such Option (or such shorter period of time as is otherwise provided in an Employment Contract or the terms and conditions of any Option), but only to the extent that such Optionee was entitled to exercise the Option at the date of the deceased's death in accordance with Section 3.06, Section 3.07 and Section 3.11 of the Plan.

**Section 3.11 Effect of Termination of Employment or Services.** Subject to Section 3.14, if a Participant shall:

- (a) cease to be a director of the Corporation and of the Designated Affiliates (and is not or does not continue to be an employee thereof) for any reason (other than death); or
- (b) cease to be employed by, or provide services to, the Corporation or the Designated Affiliates (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Corporation or the Designated Affiliates, for any reason (other than death) or shall receive notice from the Corporation or any Designated Affiliate of the termination of his Employment Contract;

(such cessation, or the earlier of such cessation or receipt of a notice of termination, as the case may be, being referred to as a "Termination"), except as otherwise provided in any Employment Contract or the terms and conditions of any Option,

- (c) in situations of termination not for cause, such Participant may, but only within 90 days (unless extended by the board of directors of the Corporation) following Termination, exercise his Options to the extent that such Participant was entitled to exercise such Options at the Date of Termination, or, in the case where there is no Date of Termination, at the date of Termination, and
- (d) in situations other than a termination not for cause, any Options held by such Participant on the date of such termination shall be forfeited and cancelled as of that date.

Notwithstanding the foregoing or any Employment Contract, in no event shall such right extend beyond the Option Period.

**Section 3.12 Necessary Approvals.** The obligation of the Corporation to issue and deliver any Common Shares in accordance with the Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Corporation. If any Common Shares cannot be issued to any Participant upon the exercise of an Option for whatever reason, the obligation of the Corporation to issue such Common Shares shall terminate and any exercise price paid to the Corporation in respect of the exercise of such Option shall be returned to the Participant.

**Section 3.13 Extension of Option Period.** Notwithstanding Section 3.04 of the Plan but subject to Section 3.07 and Section 3.11 of the Plan, the expiration date of an Option will be the date determined by the Committee, subject to amendment by an Employment Contract, unless such expiration date falls within a Blackout Period or within ten Business Days after a Blackout Period Expiry Date, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period Expiry Date.

**Section 3.14 Change of Control.** If there is a Change of Control, and if, at the time of the Change of Control:

- (a) the Participant is an Eligible Employee and, within 12 months of such Change of Control, the Corporation terminates the employment or services of said Participant/Eligible Employee for any reason other than cause or an Involuntary Termination occurs with respect to such Eligible Employee (the "Event of Termination"), then, on the date of such Event of Termination, all of the Participant's Options shall immediately vest, if not already vested;
- (b) the Participant is not an Eligible Employee, then all of the Participant's Options shall immediately vest on the date of the Change of Control, if not already vested.

In either of the foregoing events, as applicable, all Options so vested may be exercised in whole or in part by the Participant from such applicable date until the expiry of their respective Option Periods, except as otherwise provided in any Employment Contract or the terms and conditions of any Option.

#### **ARTICLE 4 WITHHOLDING TAXES AND SECURITIES LAWS OF THE UNITED STATES OF AMERICA**

**Section 4.01 Withholding Taxes.** The Corporation or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Corporation or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Option or Common Share or other benefit under the Plan. In such

circumstances, the Corporation or any Designated Affiliate may require that the Participant pay to the Corporation or any Designated Affiliate, such amount as the Corporation or any Designated Affiliate is obliged to remit to the relevant tax authorities in connection with any Option or Common Share or other benefit under the Plan. Alternatively, the Corporation or any Designated Affiliate shall have the right, in its discretion, to satisfy any such liability by the withholding of all or any portion of any payment to be made to the Participant (under this Plan or otherwise).

**Section 4.02 Securities Laws of the United States of America.** Neither the Options which may be granted pursuant to the provisions of the Plan nor the Common Shares which may be issued pursuant to the exercise of Options have been registered under the United States *Securities Act of 1933*, as amended (the "U.S. Act"), or under any securities law of any state of the United States of America. Accordingly, any Participant who is issued Common Shares or granted an Option in a transaction which is subject to the U.S. Act or the securities laws of any state of the United States of America may be required to represent, warrant, acknowledge and agree that:

- (a) the Participant is acquiring the Option and/or any Common Shares as principal and for the account of the Participant;
- (b) in granting the Option and/or issuing the Common Shares to the Participant, the Corporation is relying on the representations and warranties of the Participant to support the conclusion of the Corporation that the granting of the Option and/or the issue of Common Shares do not require registration under the U.S. Act or to be qualified under the securities laws of any state of the United States of America;
- (c) each certificate representing Common Shares so issued may be required to have the following legends:

"THE COMMON SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), AND MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, OR (C) WITH THE PRIOR WRITTEN CONSENT OF THE CORPORATION, PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS."

"THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT GOOD DELIVERY OF THE COMMON SHARES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE. A CERTIFICATE WITHOUT A LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT FOR THE COMMON SHARES OF THE CORPORATION IN CONNECTION WITH A SALE OF THE COMMON SHARES REPRESENTED HEREBY UPON DELIVERY OF THIS CERTIFICATE AND AN EXECUTED DECLARATION BY THE SELLER, IN A FORM SATISFACTORY TO THE REGISTRAR AND TRANSFER AGENT AND THE CORPORATION, TO THE EFFECT THAT SUCH SALE IS BEING MADE IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.";

provided that if such Common Shares are being sold outside the United States of America in compliance with the requirements of Rule 904 of Regulation S under the U.S. Act the foregoing legends may be removed by providing a written declaration by the holder to the registrar and transfer agent for the Common Shares to the following effect:

"The undersigned (a) represents and warrants that the sale of the securities of Premier Gold Mines Limited (the "Corporation") to which this declaration relates is being made in compliance with Rule 904 of Regulation S under the United States *Securities Act of 1933*, as amended (the "U.S. Securities Act"), and (b) certifies that (1) the undersigned is not an affiliate of the Corporation as that term is defined in the U.S. Securities Act, (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the undersigned and any person acting on behalf of the undersigned reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the Toronto Stock Exchange and neither the undersigned nor any person acting on behalf of the undersigned knows that the transaction has been prearranged with a buyer in the United States, and (3) neither the undersigned nor any affiliate of the undersigned nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.";

- (d) other than as contemplated by Section 4.02(c) hereof, prior to making any disposition of any Common Shares acquired pursuant to the Plan which might be subject to the requirements of the U.S. Act, the Participant shall give written notice to the Corporation describing the manner of the proposed disposition and containing such other information as is necessary to enable counsel for the Corporation to determine whether registration under the U.S. Act or qualification under any securities laws of any state of the United States of America is required in connection with the proposed disposition and whether the proposed disposition is otherwise in compliance with such legislation and the regulations thereto;
- (e) other than as contemplated by Section 4.02(c) hereof, the Participant will not attempt to effect any disposition of the Common Shares owned by the Participant and acquired pursuant to the Plan or of any interest therein which might be subject to the requirements of the U.S. Act in the absence of an effective registration statement relating thereto under the U.S. Act or an opinion of counsel satisfactory in form and substance to counsel for the Corporation that such disposition would not constitute a violation of the U.S. Act and then will only dispose of such Common Shares in the manner so proposed;
- (f) the Corporation may place a notation on the records of the Corporation to the effect that none of the Common Shares acquired by the Participant pursuant to the Plan shall be transferred unless the provisions of the Plan have been complied with; and
- (g) the effect of these restrictions on the disposition of the Common Shares acquired by the Participant pursuant to the Plan is such that the Participant may not be able to sell or otherwise dispose of such Common Shares for a considerable length of time in a transaction which is subject to the provisions of the U.S. Act other than as contemplated by Section 4.02(c) hereof.

**ARTICLE 5  
GENERAL**

**Section 5.01 Effective Time of Plan.** The Plan shall become effective upon a date to be determined by the Directors.

**Section 5.02 Suspension, Termination or Amendments.** The Committee shall have the right

- (a) without the approval of the shareholders of the Corporation, to
  - (i) suspend or terminate (and to re-instate) the Plan, and
  - (ii) subject to Section 5.02(b) of the Plan, make any amendments to the Plan, including, but not limited to, the following amendments:
    - A. any amendment of a "housekeeping" nature, including, without limitation, amending the wording of any provision of the Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correcting grammatical or typographical errors and amending the definitions contained within the Plan,
    - B. any amendment to comply with the rules, policies, instruments and notices of any regulatory authority to which the Corporation is subject, including the Stock Exchange, or to otherwise comply with any applicable law or regulation,
    - C. any amendment to the vesting provisions of the Plan,
    - D. other than changes to the expiration date and the exercise price of an Option as described in subparagraph 5.02(b)(iii) and subparagraph 5.02(b)(iv) of the Plan, any amendment, with the consent of the Optionee, to the terms of any Option previously granted to such Optionee under the Plan,
    - E. any amendment to the provisions concerning the effect of the termination of an Optionee's position, employment or services on such Optionee's status under the Plan,
    - F. any amendment respecting the administration or implementation of the Plan, and
    - G. any amendment to provide a cashless exercise feature to any Option provided that such amendment ensures the full deduction of the number of underlying Common Shares from the total number of Common Shares subject to the Plan;

and

- (b) with the approval of the shareholders of the Corporation by ordinary resolution, to make the following amendments to the Plan:

- (i) any change to the number of Common Shares issuable from treasury under the Plan, including an increase to the fixed maximum number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage, other than an adjustment pursuant to Section 5.06 of the Plan,
- (ii) any amendment which would change the number of days set out in Section 3.13 of the Plan with respect to the extension of the expiration date of Options expiring during or immediately following a Blackout Period,
- (iii) any amendment which reduces the exercise price of any Option, other than an adjustment pursuant to Section 5.06 of the Plan,
- (iv) any amendment which extends the expiry date of an Option other than as then permitted under the Plan,
- (v) any amendment which cancels any Option and replaces such Option with an Option which has a lower exercise price, other than an adjustment pursuant to Section 5.06 of the Plan,
- (vi) any amendment which would permit Options to be transferred or assigned by any Participant other than as allowed by Section 5.03 of the Plan,
- (vii) any amendments to the limits on Non-Employee Director participation in Section 2.06(c) of the Plan,
- (viii) any amendment to the definition of "Participant" under the Plan which would have the potential of narrowing, broadening or increasing Insider participation, and
- (ix) any amendments to this Section 5.02 of the Plan.

Notwithstanding the foregoing, any amendment to the Plan shall be subject to the receipt of all required regulatory approvals including, without limitation, the approval of the Stock Exchange.

**Section 5.03 Non-Assignable.** No rights under the Plan and no Option awarded pursuant to the provisions of the Plan are assignable or transferable by any Participant other than pursuant to a will or by the laws of descent and distribution.

**Section 5.04 Rights as a Shareholder.** No Optionee shall have any rights as a shareholder of the Corporation with respect to any Common Shares which are the subject of an Option. No Optionee shall be entitled to receive any dividends, distributions or other rights declared for shareholders of the Corporation for which the record date is prior to the date of issue of certificates representing Common Shares.

**Section 5.05 No Contract of Employment.** Nothing contained in the Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Corporation or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in any of the Plan by a Participant shall be voluntary.

**Section 5.06 Adjustment in Number of Shares Subject to the Plan.** In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification

or otherwise, an appropriate adjustment shall be made to the awards granted under the Plan by the Committee, including without limitation, in:

- (a) the number of Common Shares available under the Plan;
- (b) the number of Common Shares subject to any Option; and
- (c) the exercise price of the Common Shares subject to Options.

If the foregoing adjustment shall result in a fractional Common Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of the Plan.

**Section 5.07 Consolidation, Merger, etc.** Subject to Section 3.14, if there is a consolidation, merger or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities or a transfer of all or substantially all of the assets of the Corporation to another entity, then, unless the Committee otherwise determines acting reasonably, upon the occurrence of such consolidation, merger, amalgamation, arrangement, separation or transfer, where the surviving or acquiring entity (the "**Continuing Entity**") is a corporation, then the Continuing Entity shall substitute or replace similar options to purchase securities in the Continuing Entity for the Options outstanding under the Plan on substantially the same terms and conditions as the Plan; provided that if the surviving or acquiring entity is not a Corporation, the Committee shall determine the basis upon which such Option shall be exercisable.

**Section 5.08 Securities Exchange Take-over Bid.** In the event that the Corporation becomes the subject of a take-over bid (within the meaning of the *Securities Act* (Ontario)) pursuant to which 100% of the outstanding Common Shares are acquired by the offeror either directly or as a result of the compulsory acquisition provisions of the Act, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all Optionees requiring them to surrender their Options within 10 days of the mailing of such notice, and the Optionees shall be deemed to have surrendered such Options on the tenth day after the mailing of such notice without further formality, provided that:

- (a) the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement options to the Optionees on the equity securities offered as consideration;
- (b) the Committee has determined, in good faith, that such replacement options have substantially the same economic value as the Options being surrendered; and
- (c) the surrender of Options and the granting of replacement options can be effected on a tax free rollover basis under the Tax Act.

**Section 5.09 No Representation or Warranty.** The Corporation makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plan.

**Section 5.10 Compliance with Applicable Law.** If any provision of the Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction over the securities of the Corporation, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

**Section 5.11 Interpretation.** This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario.