

# DALRADIAN RESOURCES

## Notice of Meeting and Management Information Circular

For the Annual and Special Meeting of Shareholders of  
Dalradian Resources Inc.  
To be held on June 27, 2016

Dated May 13, 2016

**DALRADIAN RESOURCES INC.**  
**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual and special meeting of shareholders (the “**Meeting**”) of Dalradian Resources Inc. (the “**Company**”) will be held at 2100 Scotia Plaza, 40 King Street West, Toronto, Ontario, Canada, M5H 3C2, on Monday, June 27, 2016 at 10:00 am (Toronto time), for the following purposes:

- (a) to receive and consider the consolidated financial statements of the Company for the year ended December 31, 2015 and the report of the auditors thereon;
- (b) to appoint KPMG LLP, Chartered Accountants, as the auditors of the Company for the ensuing year and to authorize the directors to fix their remuneration;
- (c) to elect the directors of the Company for the ensuing year;
- (d) to consider, and if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve the stock option plan of the Company and all unallocated options thereunder, as more particularly described in the accompanying management information circular;
- (e) to consider, and if deemed appropriate, to pass, with or without variation, an ordinary resolution approving the adoption of a deferred share unit plan of the Company, as more particularly described in the accompanying management information circular; and
- (f) to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

This notice is accompanied by a management information circular, a form of proxy (or voting instruction form, as applicable), and in the case of all registered shareholders and those beneficial shareholders who have so requested through the election procedures on the form of proxy provided by the Company in its last annual mailing, a copy of the Company’s consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2015 (collectively, the “**Meeting Materials**”). A copy of the consolidated financial statements and management’s discussion and analysis are also available upon request from the Company and can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company’s website at [www.dalradian.com](http://www.dalradian.com).

This year, as described in the notice-and-access notification mailed to shareholders of the Company, the Company has again decided to deliver the Meeting Materials by posting them to the website found at [www.dalradian.com/investor-centre/Shareholder-Meetings](http://www.dalradian.com/investor-centre/Shareholder-Meetings). The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Company’s printing and mailing costs. The Meeting Materials will be available on the Company’s website as of May 20, 2015, and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com).

Shareholders may request copies of the Meeting Materials from the Company at no cost by calling collect at (416) 583-5620.

If you would like more information about the “notice-and-access” rules, please contact the Company by calling collect at (416) 583-5620.

Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The Board has by resolution fixed the close of business on May 13, 2016 as the record date, being the date for the determination of the registered holders of common shares of the Company entitled to notice of and to vote at the Meeting and any adjournments or postponements thereof.

The Board has by resolution fixed 5:00 p.m. (Toronto time) on the second business day (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof, as the time by which proxies to be used or acted upon at the Meeting or any adjournments or postponements thereof shall be deposited with the Company's transfer agent, Computershare Investor Services Inc., in accordance with the instructions set forth in the accompanying management information circular and form of proxy. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

**DATED** at Toronto, Ontario this 13<sup>th</sup> day of May, 2016.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "Patrick F.N. Anderson"

Patrick F.N. Anderson

Chairman and Chief Executive Officer

**DALRADIAN RESOURCES INC.  
MANAGEMENT INFORMATION CIRCULAR**

**Solicitation of Proxies**

This management information circular is furnished in connection with the solicitation of proxies by management and the directors of Dalradian Resources Inc. (the “Company”) for use at the annual and special meeting of shareholders (the “Meeting”) of the Company to be held at the time and place and for the purposes set forth in the accompanying notice of meeting. References in this management information circular to the Meeting include any adjournments or postponements thereof. It is expected that the solicitation will be primarily by mail, using notice-and-access; however, proxies may also be solicited personally by the directors and by regular employees of the Company. The Company may also use the services of an outside proxy solicitation agency to solicit proxies. The cost of solicitation will be borne by the Company.

The board of directors (the “Board”) of the Company has fixed the close of business on May 13, 2016 as the record date, being the date for the determination of the registered holders of common shares of the Company (the “Common Shares”) entitled to receive notice of and to vote at the Meeting. Duly completed and executed proxies must be received by the Company’s transfer agent, Computershare Investor Services Inc., at the address indicated on the enclosed envelope no later than 5:00 p.m. (Toronto time) on the second business day (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof. Late proxies may be accepted or rejected by the Chairman of the Meeting in his discretion, and the Chairman is under no obligation to accept or reject any particular late proxy.

Unless otherwise stated, the information contained in this management information circular is as of May 13, 2016. **In this management information circular, all dollar amounts referenced, unless otherwise indicated, are expressed in Canadian dollars.**

**Appointment and Revocation of Proxies**

The persons named in the enclosed form of proxy are officers and/or directors of the Company. **A shareholder desiring to appoint some other person, who need not be a shareholder, to represent him at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the office of the Company’s transfer agent, Computershare Investor Services Inc., indicated on the enclosed envelope no later than 5:00 p.m. (Toronto time) on the second business day (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof.**

A shareholder forwarding the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the shareholder giving the proxy wishes to confer discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The Common Shares represented by the proxy submitted by a shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by an instrument in writing executed by a shareholder or by a shareholder’s attorney authorized in writing (or, if the shareholder is a corporation, by a duly authorized officer or attorney) and deposited either at the head office of the Company (Dalradian Resources Inc., Queen’s Quay Terminal, 207 Queen’s Quay West, Suite 416, Toronto, Ontario M5J 1A7, Attention: Marla Gale, Corporate Secretary) at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

## **Exercise of Discretion by Proxies**

The persons named in the enclosed form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of all the resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the Meeting.** As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

## **Voting by Non-Registered Shareholders**

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders (“**Non-Registered Shareholders**”) because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS & Co.) of which the Intermediary is a participant.

In accordance with applicable securities law requirements, the Company will have distributed copies of the notice-and-access notification and a voting instruction form (collectively, the “**Mailed Materials**”) to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders, and posted the Mailed Materials, this management information circular, the notice of meeting, the form of proxy and the Company’s consolidated financial statements and management’s discussion and analysis for the year ended December 31, 2015 (together with the Mailed Materials, the “**Meeting Materials**”) on the website found at [www.dalradian.com/investor-centre/Shareholder-Meetings](http://www.dalradian.com/investor-centre/Shareholder-Meetings). The Meeting Materials will be available on the Company’s website as of May 20, 2016, and will remain on the website for one full year thereafter. The Company is sending the Meeting Materials directly to non-objecting Non-Registered Shareholders under National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*. The Company intends to pay for Intermediaries to forward the Mailed Materials to objecting Non-Registered Shareholders. See also “Notice-and-Access”, below, for further information.

Intermediaries are required to forward the Mailed Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Mailed Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Mailed Materials will either:

- (i) be given 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 (often called a “**voting instruction form**”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page 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 form of proxy to validly constitute a voting instruction form, 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

- (ii) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of 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 the Company, at the appropriate address noted on the form of proxy.

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 one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive Mailed Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Mailed Materials and to vote which is not received by the Intermediary at least seven days prior to the Meeting.

#### **Notice-and-Access**

As a result of recent regulatory amendments to securities laws governing the delivery of proxy-related materials, public companies are now permitted to advise their shareholders of the availability of the management information circular on an easily-accessible website, rather than mailing physical copies. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and the Company's carbon footprint, and it will also reduce the Company's printing and mailing costs. The Company has therefore decided to deliver Meeting Materials to shareholders by posting such documents on the website found at [www.dalradian.com/investor-centre/Shareholder-Meetings](http://www.dalradian.com/investor-centre/Shareholder-Meetings). The Meeting Materials will be available on the Company's website as of May 20, 2016 and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com). All shareholders will also receive a notice-and-access notification which will contain information on how to obtain electronic and paper copies of the Meeting Materials in advance of the Meeting.

Shareholders who wish to receive paper copies of the Meeting Materials may request copies from the Company at no cost by calling collect to (416) 583-5620.

Requests for paper copies must be received by June 16, 2016 or at least ten days in advance of any date the Meeting is adjourned to, in order to receive the Meeting Materials in advance of the proxy deposit deadline (being 5:00 p.m. (Toronto time) on the second business day (excluding Saturdays, Sundays and statutory holidays in the City of Toronto, Ontario) prior to the time set for the Meeting or any adjournments or postponements thereof). The Meeting Materials will be sent to such shareholders within three business days of their request, if such requests are made within the foregoing timeframe.

If you would like more information about the "notice-and-access" rules, please contact the Company by calling collect at (416) 583-5620.

#### **Voting Securities and Principal Holders Thereof**

As of May 13, 2016, 216,734,609 Common Shares were issued and outstanding. Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting has been fixed at May 13, 2016. All such holders of record of Common Shares are entitled either to attend and vote thereat in

person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Company's transfer agent within the time specified in the attached notice of meeting, to attend and vote thereat by proxy the Common Shares held by them.

To the knowledge of the directors and executive officers of the Company, as of the date hereof, there were no persons, or companies who beneficially owned, or exercised control or direction over, directly or indirectly, voting securities of the Company carrying more than 10% of the voting rights attached to any class of voting securities of the Company other than:

<b>Name</b>	<b><u>Number of Common Shares Held<sup>(1)</sup></u></b>	<b><u>Percentage of Common Shares Issued and Outstanding</u></b>
Vanguard Precious Metals and Mining Fund	22,812,500 <sup>2)</sup>	10.53%

- (1) The information as to Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the knowledge of the Company, is based on filings made by the shareholder pursuant to National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*.
- (2) Vanguard Precious Metals and Mining Fund has beneficial ownership and M&G Investment Management Limited exercises control or direction over the Common Shares.

### **Interest of Certain Persons in Matters to be Acted Upon**

No (a) director or executive officer of the Company who has held such position at any time since January 1, 2015; (b) proposed nominee for election as a director of the Company; or (c) associate or affiliate of a person in (a) or (b) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except to the extent that directors and officers may be recipients of stock options and deferred share units under the proposed DSU Plan (as defined herein) in the future.

### **Appointment of Auditors**

Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, as auditors of the Company until the close of the next annual meeting of shareholders and to authorize the Board to fix the remuneration of the auditors. KPMG LLP was first appointed as the Company's auditors effective as of June 21, 2011.

### **Election of Directors**

The Board presently consists of nine directors and it is intended to elect eight directors for the ensuing year. **Unless authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the election of the eight nominees whose names are set forth below.** Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the next annual meeting of shareholders of the Company unless his or her office is earlier vacated.

The following table sets forth the name, municipality of residence, the period or periods during which each has served as a director of the Company, principal occupation and number of Common Shares beneficially owned or controlled by each nominee for election as a director of the Company. The number of Common Shares, stock options and restricted share units ("**RSUs**") beneficially owned, directly or indirectly, or over which control or direction is exercised by the nominees for election as directors hereinafter named is in each instance based upon information furnished by the person concerned and is provided as of the date hereof.

The Company's By-Laws include an advance notice requirement for nominations of directors by shareholders in certain circumstances. As at the date hereof, the Company has not received notice of any director nominations in connection with the Meeting within the time periods prescribed by such By-Laws.

Name, Municipality of Residence and Position with the Company	Director Since	Principal Occupation for Past Five Years	Number of Common Shares Beneficially Owned, or Over Which Control or Direction is Exercised, Directly or Indirectly
Patrick F.N. Anderson Chief Executive Officer and Chairman of the Board of Directors <i>Toronto, Ontario</i>	Oct 30, 2009  May 14, 2015 (Chairman)	Chief Executive Officer of the Company;  Chairman of the Board of Directors	3,916,361 <sup>(4)</sup>
Thomas Obradovich <sup>(2)</sup> Lead Director <i>Shanty Bay, Ontario</i>	May 13, 2011 – May 14, 2015 (Chairman)  May 14, 2015 (Lead Director)	Chief Executive Officer and Director of Barkerville Gold Mines Ltd. (2015 – Present);  President and Chief Executive Officer of Canadian Continental Exploration Corp (2007 – Present);  Self-employed executive and prospector	121,500 <sup>(5)</sup>
Dr. Nicole Adshead-Bell Director <i>Vancouver, British Columbia</i>	December 3, 2015	Director of Mining Research at Sun Valley Gold LLC (2012-2015);  President of Cupel Advisory Corp. (2011 and 2015 – Present)  Director of Pretium Resources Inc. (2015 – Present)  Director of Lithium Americas Corp. (2016 – Present)	Nil <sup>(6)</sup>
Patrick G. Downey <sup>(2)(3)</sup> Director <i>Vancouver, British Columbia</i>	June 23, 2015	Director of Claude Resources Inc. (2015 – Present);  Director of Orezone Gold Corporation (2011 – Present);  Director of Argentex Mining Corporation (2009 – Present);  Director of Pan Global Resources Inc. (2008 – Present);  President and Chief Executive Officer of Elgin Mining Inc. (2011 – 2014);	211,250 <sup>(7)</sup>



Name, Municipality of Residence and Position with the Company	Director Since	Principal Occupation for Past Five Years	Number of Common Shares Beneficially Owned, or Over Which Control or Direction is Exercised, Directly or Indirectly
Ronald P. Gagel <sup>(1)</sup> Director <i>Mississauga, Ontario</i>	June 9, 2010	Executive Vice President and Chief Financial Officer of TMAC Resources Inc. (2013 – Present); Corporate Director (2010 – Present)	175,000 <sup>(8)</sup>
Sean E.O. Roosen <sup>(3)</sup> Director <i>Toronto, Ontario</i>	October 30, 2009	Chairman and Chief Executive Officer of Osisko Gold Royalties Ltd. (2014 – Present); President, Chief Executive Officer and Director of Osisko Mining Corporation (2006 – 2014)	1,803,083 <sup>(9)</sup>
Jonathan Rubenstein <sup>(1)(2)</sup> Director <i>Vancouver, British Columbia</i>	June 27, 2013	Professional Director (2005 – Present); Director of Eldorado Gold Corporation (2009 – Present); Director of Detour Gold Corporation (2009 – Present); Director of Roxgold Inc. (2012 – Present); Director and Chairman of MAG Silver Corp. (2007 – Present)	79,600 <sup>(10)</sup>
James E. Rutherford <sup>(1)</sup> Director <i>London, United Kingdom</i>	June 23, 2015	Director of Anglo American plc (2013 – Present); Senior Vice President of Capital International Investors (1997-2013)	62,500 <sup>(11)</sup>

(1) Member of the Audit Committee. Mr. Gagel is the Chairman.

(2) Member of the Corporate Governance and Compensation Committee. Mr. Rubenstein is the Chairman.

(3) Member of the Safety, Health and Environmental Affairs Committee. Mr. Downey is the Chairman.

(4) Mr. Anderson also holds 1,150,000 options exercisable at prices of \$0.67 and \$0.98 per Common Share, 180,556 warrants exercisable at prices of \$1.04 and \$1.50 per Common Share, and 445,000 RSUs.

(5) Mr. Obradovich also holds 800,000 options exercisable at prices ranging from \$0.67 to \$1.60 per Common Share and 250,000 RSUs.

(6) Dr. Adshead-Bell holds 250,000 options exercisable at \$0.67 per Common Share.

(7) Mr. Downey also holds 400,000 options exercisable at prices of \$0.67 and \$0.90 per Common Share, and 111,250 warrants exercisable at \$1.04 per Common Share.

(8) Mr. Gagel also holds 450,000 options exercisable at prices ranging from \$0.67 to \$1.11 per Common Share.

(9) Mr. Roosen also holds 450,000 options exercisable at prices ranging from \$0.67 to \$1.11 per Common Share and 229,166 warrants exercisable at prices of \$1.04 and \$1.50 per Common Share.

(10) Mr. Rubenstein also holds 550,000 options exercisable at prices ranging from \$0.67 to \$0.98 per Common Share.

(11) Mr. Rutherford also holds 400,000 options exercisable at prices of \$0.67 and \$0.90 per Common Share, and 62,500 warrants exercisable at \$1.04 per Common Share.

## ***Biographical Information***

### **Patrick F. N. Anderson**

Chairman and Chief Executive Officer

Mr. Anderson is an exploration geologist, entrepreneur and business executive with over 19 years of experience working in the resource sector. After graduating with a geology degree from the University of Toronto, he moved to Venezuela to work as the resident project geologist on a successful kimberlite exploration program. Since then, he has been a consulting geologist on gold, base metals and diamond projects for junior explorers, major producers and mineral industry consulting firms in South America, North America and Europe. Mr. Anderson was a director, President, Chief Executive Officer and co-founder of Aurelian Resources Inc. (“**Aurelian**”) which discovered a 13.7 million ounce gold deposit in 2006 and was acquired by Kinross Gold in 2008. Mr. Anderson sits on the board of Oban Mining Corporation. He was named Mining Man of the Year by The Northern Miner in 2009 and received the Prospectors and Developers Association of Canada’s (“**PDAC**”) Thayer Lindsley award for an international mineral discovery in 2008.

### **Thomas J. Obradovich**

Lead Director

Corporate Governance and Compensation Committee

Independent

Mr. Obradovich is the Company’s Lead Director and has more than 30 years of experience in mining exploration, development and financing. He is Chief Executive Officer and a director of Barkerville Gold Mines Ltd. (“**Barkerville**”) and President and Chief Executive Officer of Canadian Continental Exploration Corp. He was one of the key individuals behind Aurelian, which discovered the Fruta Del Norte gold deposit in Ecuador. He was also the co-founder of Canadian Royalties Inc., which discovered and developed the Raglan south nickel belt. Mr. Obradovich acquired most of the Matachewan gold camp and through a reverse takeover of Young-Davidson Mines Ltd., upgraded and doubled the resource which was subsequently acquired by Northgate Minerals in 2005. Mr. Obradovich is a graduate of the Haileybury School of Mines in mining technology and advanced field geophysics.

### **Dr. Nicole Adshead-Bell**

Independent

Dr. Adshead-Bell has over 20 years of experience in the mining sector and capital markets. Most recently, Dr. Adshead-Bell was the Director of Mining Research at Sun Valley Gold LLC; a US based, SEC registered investment advisor focused on the precious metals sector. Previously, she was a Managing Director at Haywood Securities Inc., where she focused on building the company’s M&A and financing business in the mining sector. Dr. Adshead-Bell is currently a director of Pretium Resources Inc. and Lithium Americas Corp. and the President of Cupel Advisory Corp. Previously, she was also a director of Vista Gold Corp. and Silver Bull Resources Inc. Earlier in Dr. Adshead-Bell’s career, she was a sell-side analyst at Dundee Securities Corp. and acted as a geological consultant for a range of mining companies. Dr. Adshead-Bell holds a Bachelor of Science Degree, a First Class Honours Degree in Geology, and a Ph.D. in Geology from James Cook University in North Queensland, Australia.

### **Patrick G. Downey**

Safety, Health and Environmental Affairs Committee, Chair

Corporate Governance and Compensation Committee

Independent

Mr. Downey has over 30 years of international experience in the resource industry. Most recently, Mr. Downey was the President and Chief Executive Officer of Elgin Mining Inc. (“**Elgin Mining**”), which was acquired by Mandalay Resources Inc. in June of 2014. Prior to joining Elgin Mining, Mr. Downey held the position of President, Chief Executive Officer and Director of Aura Minerals Inc. Mr. Downey was also President, Chief Executive Officer and a director of Viceroy Exploration Ltd. before its acquisition by Yamana Gold Inc. in 2006. He also served as President of Oliver Gold Corporation and completed the merger of that company to form Canico Resource Corp., which was subsequently purchased by Vale Corporation for over \$800 million. He has held numerous senior engineering positions at several large scale

gold mining operations and has also held operating positions at several mining projects for Anglo American Corporation in South Africa. Mr. Downey is currently a director of Argentex Mining Corporation, Pan Global Resources Inc., Orezone Gold Corporation and Claude Resources Inc. Mr. Downey holds a Bachelor of Science (Hon.) degree in Engineering from Queen's University in Belfast, Ireland.

**Ronald P. Gagel**

Audit Committee, Chair  
Independent

Mr. Gagel is a chartered professional accountant with more than 35 years of professional experience, predominantly in the mining sector. In January 2013, Mr. Gagel became the Executive Vice President and Chief Financial Officer of TMAC Resources Inc., a publicly traded Canadian mineral exploration and development company. Mr. Gagel is currently a director of Adriana Resources Inc. and Stonegate Agricom Ltd., and has also been a director of other public companies including HudBay Minerals Inc., Central Sun Mining Inc. (now part of B2Gold Corp.) and FNX Mining Company Inc. ("**FNX**"). Mr. Gagel had joined FNX in 2005 as Vice President and Chief Financial Officer and became Senior Vice President and Chief Financial Officer in 2006, a position he held until May 2010 upon the acquisition of FNX by Quadra Mining Ltd. (subsequently acquired by KGHM International Inc.). From 1988 to 2004, Mr. Gagel was at Aur Resources Inc. holding roles of increasing responsibility including Vice President and Chief Financial Officer from 1999 to 2004. Mr. Gagel was a director of the Prospectors and Developers Association of Canada ("**PDAC**") from 1997 to 2015 and was the 2013 recipient of the PDAC Distinguished Service Award. He has been the Chairman of a CPA Canada PDAC IFRS committee that produces Viewpoints on IFRS accounting issues for the mining industry since its inception in 2011. Mr. Gagel received his C.A. designation in 1981 with Coopers & Lybrand LLP (now PricewaterhouseCoopers LLP) and holds a Bachelor of Commerce, Honours Business Administration from the University of Windsor and a Bachelor of Science, Honours Zoology from the University of Western Ontario.

**Sean E. O. Roosen**

Safety, Health and Environmental Affairs Committee  
Independent

Mr. Roosen is Chairman and Chief Executive Officer of Osisko Gold Royalties Ltd. and was formerly President and Chief Executive Officer of Osisko Mining Corporation ("**Osisko Mining**"), which he co-founded. He led the transition of Osisko Mining from a junior exploration company to a leading intermediate gold producer. He was responsible for leading the strategic development of Osisko Mining and was instrumental in securing the necessary financing to fund the development of the \$1 billion Canadian Malartic Mine, Osisko Mining's flagship asset. Mr. Roosen is a founding member and supervisory board member of EurAsia Resource Holdings A.G., a European based venture capital fund. He is also a director of EurAsia Resource Value S.E. Mr. Roosen is Chairman (or Co-Chairman) of the following publicly listed companies: Condor Petroleum Inc., Falco Resources, and Oban Mining Corporation (Co-Chairman). Mr. Roosen is a graduate of the Haileybury School of Mines and has had various progressive positions in the mining industry both domestically and internationally.

**Jonathan Rubenstein**

Corporate Governance and Compensation Committee, Chair  
Audit Committee  
Independent (Acc.Dir)

Mr. Rubenstein practiced law from 1976 until 1994 and has been a mining executive and corporate director since that time. In 2001, Mr. Rubenstein was one of the founders of Canico Resources Corp. ("**Canico**"), where he served as a director and as Vice President & Corporate Secretary. Mr. Rubenstein was instrumental in the negotiations for the 2005 acquisition of Canico by Companhia Vale do Rio Doce. Mr. Rubenstein was also a director of Cumberland Resources Ltd. from 1983 to 2007 and was on the Special Committee for the Agnico-Eagle Mines Ltd. takeover in 2007. From 2006 to 2008, Mr. Rubenstein was a director for Aurelian and on the Special Committee for the takeover bid by Kinross Gold Corp. As the Vice President, Corporate Affairs for Sutton Resources Ltd., he also played a key role in the takeover of that company by Barrick Gold Corporation in 1999. He is currently the Chairman and a director of MAG Silver Corp., and a director of Detour Gold Corporation ("**Detour Gold**"), Eldorado Gold Corporation ("**Eldorado Gold**"), and Roxgold Inc. Mr. Rubenstein obtained his Bachelor of Arts from Oakland University and an LL.B from the University of British Columbia. Mr. Rubenstein also holds an accredited director designation from the Institute of Chartered Secretaries and Administrators.

**Jim Rutherford**  
Audit Committee  
Independent

Mr. Rutherford has more than 25 years of experience in investment banking and investment management, both as an institutional investor and analyst and, since November 2013, has served as a director of Anglo American plc, one of the largest UK-listed diversified mining companies. Between 1997 and 2013, he was a senior vice president of Capital International Investors (a division of Capital Group, one of the world's largest and longest established investment management companies), with responsibility for investments in the mining and metals industry. Prior to joining Capital Group, Mr. Rutherford was an investment analyst with HSBC James Capel's global mining team, based in New York. He also held analyst roles with Credit Lyonnais and CRU International. He received his Bachelor of Science in Economics and Computer Science from Queen's University, Belfast (UK) and gained his Master of Arts in Development Economics from the University of Sussex (UK).

### ***Majority Voting for Directors***

The Board has adopted a majority voting policy (the "**Majority Voting Policy**") stipulating that each director nominee must be elected by a majority of the votes cast by shareholders with respect to his or her election. If a director nominee is not elected by at least a majority of the votes cast, the nominee will submit his or her resignation promptly after the shareholders' meeting to the Chairman of the Board, which will become effective only upon acceptance by the Board. The Board will refer the resignation for consideration to the Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee will consider such resignation after considering all relevant factors, including without limitation the composition of the Board and/or the voting results, and make a recommendation to the Board on whether or not the resignation should be accepted. The Board will consider such recommendation and within 90 days of the shareholders' meeting will accept the resignation unless the Board determines that there are exceptional circumstances that should delay the acceptance of the resignation or justify rejecting it. A director who tenders a resignation pursuant to the Majority Voting Policy is not permitted to participate in any meetings of the Board or committee of the Board at which his or her resignation is being considered. Once the Board has decided whether to accept a resignation pursuant to the Majority Voting Policy, the Company will promptly issue a news release with the Board's decision and provide a copy to the Toronto Stock Exchange (the "**TSX**"). In the event the Board does not accept a resignation, it will include full reasons for its decision in the news release. The Majority Voting Policy does not apply in circumstances involving contested director elections.

### ***Corporate Cease Trade Orders***

Other than as set forth below, to the Company's knowledge, no proposed director of the Company is, as of the date hereof, or has been within ten years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

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

Patrick G. Downey was a director of Sutcliffe Resources Inc. (now Zoloto Resources Ltd. ("**Zoloto**")) from April 2007 to November 2008. On May 11, 2007, Zoloto was issued a cease trade order by the British Columbia Securities Commission (the "**BCSC**") for failure to file financial statements and a management's

discussion and analysis for the financial year ended December 31, 2006. That cease trade order was revoked on May 11, 2007. Thereafter, a management cease trade order in respect of insiders of Zoloto was issued by the BCSC on May 14, 2008 for failure to file financial statements and a management's discussion and analysis for the financial year ended December 31, 2007. That cease trade order was revoked on July 8, 2008.

### ***Bankruptcies and Other Proceedings***

Other than as set forth below, to the Company's knowledge, no proposed director of the Company:

- (a) is, as of the date hereof, or has been within the ten years before the date hereof, a director or executive officer of any company (including the 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; or
- (b) has, within the ten years before 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 the assets of the proposed director.

Ronald P. Gagel was a director of Strategic Resource Acquisition Corporation (as the appointee of FNX) from March 2008 to August 2008, which sought bankruptcy protection under the CCAA on January 16, 2009, and emerged from CCAA protection on August 17, 2009.

### ***Penalties or Sanctions***

To the Company's knowledge, no proposed director of the Company 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 shareholder in deciding whether to vote for a proposed director.

### **Approval of the Stock Option Plan and Unallocated Options**

The Company has established a stock option plan (the "**Stock Option Plan**") pursuant to which the Board (or any committee as delegated by the Board) may grant options to acquire Common Shares to its directors, officer, employees and consultants. The purpose of the Stock Option Plan is to secure for the Company and its shareholders, the benefits of incentives inherent in share ownership by the directors, officers, employees and consultant of the Company who will largely be responsible for the Company's future growth and success.

The Stock Option Plan was recently amended on May 13, 2016 pursuant to Board approval to (i) amend the "cashless exercise" provision with respect to withholding tax obligations, and (ii) impose limits on the grant of options and all securities granted under all Share Compensation Arrangements to non-employee directors within a one-year period, subject to certain exceptions. Shareholders will be asked at the Meeting to approve the Stock Option Plan, as amended. A description of the Stock Option Plan is set out under the section entitled "Stock Option Plan" below and a copy of the Stock Option Plan is attached hereto as Appendix "B".

In addition, pursuant to section 613 of the TSX Company Manual, unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed maximum aggregate of securities issuable must be approved by a majority of the issuer's directors and by the issuer's security holders every three years. The Stock Option Plan does not have a fixed number of Common Shares issuable thereunder, but (together with all other security-based compensation arrangements of the Company) permits the issuance of up to an aggregate of 10% of the outstanding Common Shares from time to time. The Stock Option Plan was last approved by shareholders on June 27, 2013. As such, the Company is required to seek shareholder approval at the Meeting for all unallocated options issuable pursuant to the Stock Option Plan. The Company has determined to submit this matter to the shareholders at the Meeting.

As at the date hereof, 216,734,609 Common Shares were issued and outstanding. Accordingly, as at the date hereof, a maximum of 21,673,461 Common Shares were available for issuance pursuant to options, rights or other entitlements granted under the Stock Option Plan, the restricted share unit plan (the "**RSU Plan**"), the share incentive plan of Dalradian Gold Limited ("**DGL**"), a wholly-owned subsidiary of the Company (the "**DGL Share Incentive Plan**") and all other security-based compensation arrangements of the Company. As at the date hereof, there are 8,785,000 options outstanding under the Stock Option Plan, 1,070,000 RSUs outstanding under the RSU Plan, and nil awards outstanding under the DGL Share Incentive Plan (the "**SIP Awards**"), leaving 11,818,461 Common Shares available for grant pursuant to security-based compensation arrangements.

If approval is obtained at the Meeting, the Company will not be required to seek further approval of the grant of unallocated options under the Stock Option Plan until the Company's 2019 annual and special shareholders' meeting (provided that such meeting is held on or prior to June 27, 2019). If approval is not obtained at the Meeting, the Company must forthwith stop granting options under the Stock Option Plan and options which are outstanding as of the date of the Meeting and are subsequently cancelled, terminated or exercised will not be available for a new grant of options; however, all options that have been granted until June 27, 2016 but not yet exercised will continue unaffected.

At the Meeting, shareholders will be asked to consider, and if deemed appropriate, to approve, with or without variation, the ordinary resolutions substantially in the form set out below (the "**Stock Option Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving the Stock Option Plan and the unallocated options issuable pursuant to the Stock Option Plan.

**The Board and management recommend that shareholders vote for the Stock Option Resolution. To be effective, the Stock Option Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting. Unless otherwise instructed, the persons named in the accompanying proxy intend to vote for the Stock Option Resolution.**

"BE IT RESOLVED THAT:

1. the Stock Option Plan, substantially in the form attached as Appendix "B" to the management information circular distributed to shareholders for this Meeting, and the reservation for issuance under such plan, and other security-based compensation arrangements of the Company, of that number of Common Shares that is equal to 10% of the number of issued and outstanding Common Shares from time to time, is hereby authorized and approved on the terms and conditions set forth in the management information circular;
2. all unallocated options issuable pursuant to the Stock Option Plan are hereby approved and authorized until the date of the Company's annual and special shareholders' meeting to be held in 2019 (provided that such meeting is held on or prior to June 27, 2019); and
3. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal

of the Company 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 Company be necessary or desirable to carry out the intent of the foregoing resolutions.”

### **Approval of Deferred Share Unit Plan**

On May 13, 2016, the Board approved the adoption of a deferred share unit plan of the Company (the "**DSU Plan**") for non-executive directors pursuant to which they can elect to receive part of their compensation in the form of deferred share units ("**DSUs**") of equivalent value instead of cash. The following is a summary of some of the key terms of the DSU Plan. This summary is subject to, and qualified in its entirety, by the full text of the DSU Plan, which is attached as Appendix "C" to this management information circular.

The purpose of the DSU Plan is to strengthen the alignment of interests between the non-executive directors and the shareholders of the Company by linking a portion or all of annual director compensation to the future value of the Common Shares. In addition, the DSU Plan has been adopted for the purpose of advancing the interests of the Company through the motivation, attraction and retention of directors of the Company, it being generally recognized that deferred share unit plans aid in attracting, retaining and encouraging director commitment and performance due to the opportunity offered to them to receive compensation in line with the value of the Common Shares.

The DSU Plan provides that DSUs may be granted by the Board, or a committee of the Board which administers the DSU Plan, to non-executive directors of the Company who elect to receive payment for a portion or all of their quarterly compensation in the form of DSUs. The number of DSUs to be granted is determined by dividing the amount payable by the Market Value of a Common Share on the TSX on the business day immediately preceding the issue date. "Market Value" is defined as the volume weighted average trading price of the Common Shares of the Common Shares calculated by dividing the total value by the total volume of the Common Shares on the TSX for the five (5) consecutive trading days immediately prior to the date as of which Market Value is determined. In addition, the committee, in its sole discretion, may grant and issue to any non-executive director, from time to time, that number of DSUs as determined by resolution of the committee.

On the date the Company determines, which shall be no earlier than 30 days but no later than 60 days after the date on which a participant ceases to be a non-executive director (the "**Separation Date**"), each DSU held by such participant shall be redeemed by the Company for (a) a cash payment equal to the Market Value of a Common Share on the redemption date multiplied by the number of DSUs held by the participant on the Separation Date; or (b) one Common Share for each DSU. A participant may however elect to have a later redemption date for his or her DSUs if the participant delivers to the Company, within 30 days of the Separation Date, a redemption notice, in which case the redemption date shall be such date as is specified by the participant in the redemption notice as the day on which DSUs credited to a participant's account shall be redeemed provided in no case may the redemption date be prior to the Separation Date or later than the last day of the calendar year commencing immediately after the participant's Separation Date. In the event a blackout period is in effect on the Separation Date, the foregoing redemption date determination and election process shall be deferred to after the expiry of the blackout period. Participants are responsible for making suitable arrangements with the Company to fund the payment of any applicable withholding tax.

The maximum number of Common Shares made available for the DSU Plan and all other security based compensation arrangements of the Company shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time. The aggregate number of Common Shares issuable to insiders pursuant to DSUs granted and all other security based compensation arrangements, at any time, shall not exceed 10% of the total number of Common Shares then outstanding. The aggregate number of Common Shares issued to insiders pursuant to DSUs and all other security based compensation arrangements, within a one year period, shall not exceed 10% of the total number of Common Shares then outstanding. The DSU Plan is an "ever green plan". Any issuance of Common Shares from treasury, including issuances pursuant to the settlement of DSUs, shall automatically

replenish the number of Common Shares issuable under the DSU Plan. When a DSU is settled, cancelled or terminated, a Common Share shall automatically be available for the grant of a new DSU or other securities under the DSU Plan or the Company's other plans. The aggregate number of options granted to any one non-employee director within a one-year period shall not exceed a maximum value of \$100,000, and in the case of all securities granted under security based compensation arrangements within a one-year period shall not exceed a maximum value of \$150,000; provided that such maximums shall not apply in the case of (i) a one-time grant with a maximum value of \$150,000 upon the individual becoming a member of the Board or (ii) issuances pursuant to certain "acceptable equity awards" as defined in the DSU Plan.

Except as otherwise expressly provided for under the DSU Plan or pursuant to a will or by the laws of descent and distribution, no DSU and no other right or interest of a participant is assignable or transferable, and any such assignment or transfer in violation of the DSU Plan shall be null and void.

The Board may from time to time in its discretion (without further shareholder approval) amend, modify and change the provisions of the DSU Plan (and/or DSUs), except any amendment, modification or change to the provisions of the DSU Plan (and/or DSUs) which would:

- (a) increase the number of Common Shares or maximum percentage of Common Shares, which may be issued pursuant to the DSU Plan;
- (b) reduce the range of amendments requiring shareholder approval contemplated herein;
- (c) permit DSUs to be transferred other than for normal estate settlement purposes;
- (d) change insider participation limits which would result in shareholder approval to be required on a disinterested basis; or
- (e) materially modify the requirements as to eligibility for participation in the DSU Plan;

which amendment, modification or change would only be effective upon being approved by the shareholders of the Company. In addition, any such amendment, modification or change of any provision of the DSU Plan shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

The DSU Plan is subject to approval by the TSX and the shareholders of the Company. Accordingly, at the Meeting, shareholders of the Company will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution, substantially in the form set out below (the "**DSU Plan Resolution**"), subject to such amendments, variations or additions as may be approved at the Meeting, approving the adoption of the DSU Plan. If adopted by shareholders, the DSU Plan shall remain in effect until it is terminated by the Board. Upon termination, the Company shall redeem all remaining DSUs.

**The Board and management recommend the adoption of the DSU Plan Resolution. To be effective, the DSU Plan Resolution must be approved by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting. Unless otherwise indicated, the persons named in the accompanying proxy intend to vote for the DSU Plan Resolution.**

The text of the DSU Plan Resolution to be submitted to shareholders 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. the adoption of the DSU Plan by the Company, substantially in the form attached as Appendix "C" to the management information circular distributed to shareholders for this Meeting, and the reservation for issuance under such plan, and other security-based compensation arrangements of the Company, of that number of Common Shares that is equal to 10% of the number of issued and outstanding Common Shares from time to time, is hereby authorized and approved on the terms and conditions set forth in the management information circular;



2. the Company be and it is hereby authorized to issue such Common Shares pursuant to the DSU Plan as fully paid and non-assessable shares of the Company; and
3. any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company 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 Company be necessary or desirable to carry out the intent of the foregoing resolutions.”

## **Statement of Executive Compensation**

### ***Compensation Discussion and Analysis***

#### **Objectives**

The overall objectives of the Company's compensation program include: (a) attracting and retaining talented executive officers who can assist with the Company's exploration and development strategy; (b) aligning the interests of those executive officers with the interests of the Company; and (c) linking individual executive officer compensation to the performance of the Company. The Company's compensation program is designed to compensate executive officers for performance of their duties and to reward them for performance of the Company.

When used in this section, “**Named Executive Officers**” means the Chief Executive Officer, the Chief Financial Officer and each of the three most highly compensated executive officers (other than the Chief Executive Officer and Chief Financial Officer) of the Company at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and each individual who would be a Named Executive Officer but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

#### **Elements of Compensation**

The elements of compensation earned by the Named Executive Officers are: (a) base salary and bonus; (b) option-based awards and RSU awards; (c) perquisites and personal benefits; and (d) termination and change of control benefits.

Base salary is a fixed element of compensation that is payable to each Named Executive Officer for performing the specific duties of his or her position. The amount of base salary for a Named Executive Officer is initially determined through negotiation of employment terms with each Named Executive Officer and is determined on an individual basis by the need to attract and retain talented individuals. During the compensation review process, a director assessment is made with respect to general performance and consideration is given, on an informal basis, to the market for similar jobs in Canada and internationally.

While no specific performance goals are set with respect to compensation given the stage of the Company and limited competitive information on mining projects in Northern Ireland, the Company does benchmark executive compensation against a peer group of other mining companies to stay competitive and as a tool for determining recruitment or retention requirements. In 2015, the Corporate Governance and Compensation Committee engaged Lane Caputo Compensation, an independent executive compensation consulting firm to develop a peer group for compensation benchmarking and to review the Company's compensation practices relative to such peer group. The 2015 peer group was developed based on companies primarily with gold operations in international jurisdictions, at a comparable stage of development and of relevant size (approximately half to double) to the Company based on market capitalization. Based on these criteria, the 14 companies that were included in the 2015 comparator group were: Asanko Gold Inc., Aureus Mining Corp., Continental Gold Ltd., Gabriel Resources Ltd., Guyana Goldfields Inc., MAG Silver Corp., Orezone Gold Corp., Pilot Gold Inc., Platinum Group Metals Ltd.,

Romarco Minerals Inc., Roxgold Inc., Rubicon Minerals Corp., Sabina Gold & Silver Corp. and True Gold Mining Inc.

While base salary is intended to fit into the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business also impacts the level of base salary. Bonuses are short-term performance-based financial incentives that are determined on a discretionary basis through the compensation review process.

Option-based awards and RSU awards are variable elements of compensation that are used to reward each Named Executive Officer for individual performance and/or overall performance of the Company. Option-based awards and RSU awards are intended to fit into the Company's overall compensation objectives by aligning the interests of the Named Executive Officers with those of the Company, and linking individual Named Executive Officer compensation to the performance of the Company. Options were granted in 2015 to certain Named Executive Officers. See "– Summary Compensation Table" and "– Incentive Plan Awards for Named Executive Officers" below. The Corporate Governance and Compensation Committee is responsible for setting and amending any equity incentive plan under which an option-based award is granted. The Company has in place the Stock Option Plan for the benefit of eligible directors, officers, employees and consultants of the Company and its designated affiliates, including the Named Executive Officers. The Board typically grants options to officers, employees and consultants that vest in tranches of 1/3, with 1/3 of the options vesting on the date of grant, 1/3 of the options vesting on the first anniversary of the date of grant, and 1/3 of the options vesting on the second anniversary of the date of grant. Options are granted for a term of five years. Grants are typically made to eligible participants under the Stock Option Plan when eligible participants join the Company. An annual option grant program may be considered as the Company grows and develops its projects. See "Stock Option Plan" below. The Company also has in place the RSU Plan for the benefit of eligible directors, officers, employees and consultants of the Company pursuant to which RSUs may be granted as a discretionary payment. The number of RSUs awarded are credited to the participant's account effective on the grant date of the RSUs. An RSU represents a right to receive one Common Share issued from treasury on the later of: (i) the date which is the first day after a restricted period (a "**Restricted Period**") as determined by the Board or a committee of the Board which administers the RSU Plan; and (ii) a date determined by an eligible participant that is after the Restricted Period but is no later than the participant's retirement date or termination date (a "**Deferred Payment Date**"). The Committee may also make the vesting of RSUs subject to performance conditions to be achieved by the Company, the participant or a class of participants. See "RSU Plan" below. The Company does and will continue to take into consideration previous grants of options and RSUs in considering new grants to eligible participants.

The Company also provides basic perquisites and personal benefits to certain of its Named Executive Officers. These perquisites and personal benefits are determined through negotiation of an executive employment agreement with each Named Executive Officer. While perquisites and personal benefits are intended to fit into the Company's overall compensation objectives by serving to attract and retain talented executive officers, the size of the Company and the nature and stage of its business also impacts the level of perquisites and benefits. Currently, a benefit program with life insurance is offered to all officers and employees of the Company and annual medical assessments are also offered to the Chief Executive Officer and Chief Financial Officer of the Company.

The Company also provides for termination and, in certain instances, change of control benefits under the provisions of the executive employment agreements with the Named Executive Officers. See "Termination and Change of Control Benefits" below.

#### Share Ownership Guidelines

In May 2013, the Company implemented share ownership guidelines pursuant to which certain executive officers and directors of the Company are encouraged to own a significant number of Common Shares in order to further align their interests with those of the Company's shareholders. Compliance with the guidelines is required five years from joining the Company.

Pursuant to the share ownership guidelines, each of the Chief Executive Officer and the Chief Financial Officer of the Company must hold Common Shares having a value of at least three times the annual base salary paid (2015: \$1,200,000 each).

Pursuant to the share ownership guidelines, each director of the Company must hold Common Shares having a value of at least two times the annual fee paid.

Directors and executive officers will be deemed to have satisfied the applicable share ownership guidelines following the date on which either: (i) the aggregate price paid by the director or executive officer for Common Shares held equals or exceeds the relevant multiple of his or her current annual base salary or annual base cash retainer, as applicable (the “**Relevant Threshold**”); or (ii) the fair market value of the Common Shares (at the highest price at which the Common Shares have traded on the TSX subsequent to the later of the date the individual first became a director or executive officer, and August 10, 2010 (being the date the Company completed its initial public offering)) held by the director or executive officer equals or exceeds the Relevant Threshold.

Unvested RSUs are treated as Common Shares owned by a director or an executive officer in connection with these guidelines, with the fair market value of the Common Shares being the highest price at which the Common Shares have traded on the TSX subsequent to the date of grant of such RSUs. Stock options held by the directors or executive officers do not count towards the share ownership requirements under the guidelines.

The Corporate Governance and Compensation Committee reviews the share ownership guidelines on an annual basis and recommends any changes to the Board for approval.

#### Directors' Compensation

Non-executive directors are compensated based on an annual fee of \$50,000, with additional fees for the Chair of any committee of the Board of \$10,000. The Lead Director of the Board is paid an annual fee of \$100,000. Directors are also granted options upon joining the Company and are reimbursed for all reasonable travel and other expenses incurred by them in the performance of their duties. Additional grants of options may be made to directors from time to time as the Board continues to develop its corporate governance practices. As disclosed above, directors are also eligible to receive RSUs.

#### Compensation Review Process

The Corporate Governance and Compensation Committee, among other things, is responsible for reviewing, approving and recommending to the Board, base salary, bonus and other benefits, direct or indirect, of the Named Executive Officers and other executive officers of the Company in addition to reviewing the Company's director compensation practices. See “Corporate Governance Practices” below.

Each member of the Corporate Governance and Compensation Committee is an independent director and has experience relevant to his responsibilities in executive compensation.

Mr. Rubenstein is currently a member of the Human Resources and Compensation Committee of Detour Gold and is the Chair of the Compensation Committee of Eldorado Gold.

Mr. Obradovich is currently Chief Executive Officer and a Director of Barkerville and has previously served in the capacity as a member and Chairman of the Compensation Committees of TSXV-listed and TSX-listed companies.

Mr. Downey is currently a member of the Human Resources & Compensation Committee and Special Committee (formed in connection with the proposed business combination with Silver Standard Resources Inc.) of Claude Resources Inc.. He is also a member of the Compensation Committee and Special Committee of Argentex Mining Corporation and a member of the Compensation Committee of Pan Global Resources Inc.

## Risks Associated with Compensation

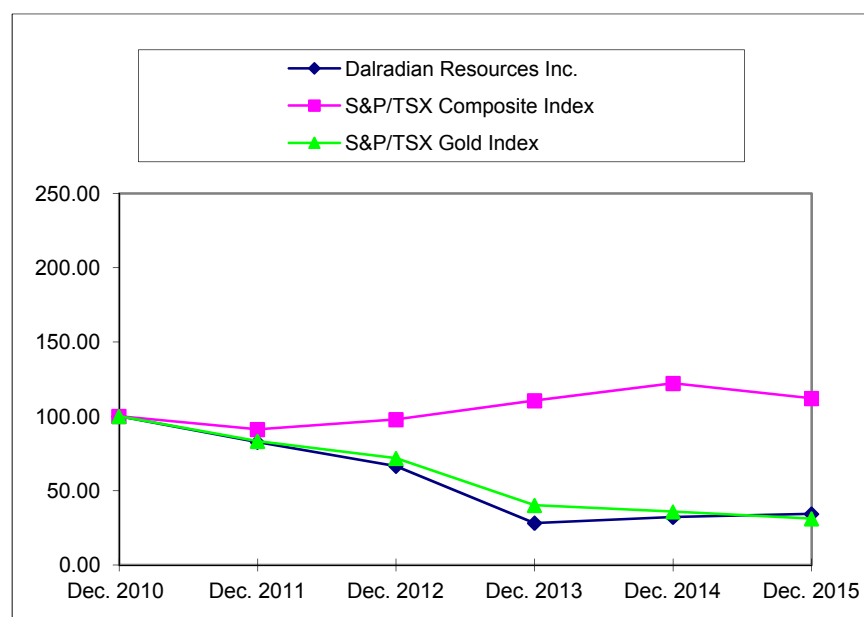
In light of the Company's size, the Company's general outlook on compensation, the balance between long-term objectives and short-term financial goals with respect to the Company's executive compensation program, and the Company's share ownership guidelines which align the interests of directors and executive officers with those of shareholders, the Board believes that the Company's compensation policies and programs are balanced and do not motivate unnecessary or excessive risk taking.

## Financial Instruments

The Company's Corporate Disclosure and Insider Trading Policy provides that insiders may not "speculate" in the securities of the Company. For the purpose of the policy, "speculate" means the purchase or sale of securities with the intention of reselling or buying back in a relatively short period of time in the expectation of a rise or fall in the market price of such securities. Speculating in such securities for a short-term profit is distinguished from purchasing and selling securities as part of a long-term investment program. In addition, insiders may not sell securities of the Company short, buy a put option or sell a call option in respect of securities of the Company or any of its affiliates.

## **Performance Graph**

The following graph compares (i) the Company's cumulative total shareholder return to (ii) the cumulative total return of the S&P/TSX Composite Index, and (iii) the cumulative total return of the S&P/TSX Gold Index, over the five most recently completed financial years, in each case based on \$100 invested on December 31, 2010 and assuming the reinvestment of all dividends.



	Dec.2010	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015
Dalradian Resources Inc.	100.00	82.61	66.52	28.26	32.17	34.35
S&P/TSX Composite Index	100.00	91.29	97.85	110.56	122.23	112.06
S&P/TSX Gold Index	100.00	83.35	71.78	40.21	35.93	31.25

Compensation for the Company's Named Executive Officers is comprised of different elements. These include elements relating to factors that do not directly correlate to the market price of the Common Shares, such as base salary, as well as elements that more closely correlate to the Company's performance and changes in the market price of its Common Shares, such as annual incentive awards and awards of stock

options and RSUs. The base salary of a Named Executive Officer is based on the Named Executive Officer's experience, responsibilities, position, performance, and benchmarking against peer groups. Base salaries over the measurement period were set based on market requirements at the relevant time and these factors did not fluctuate with changes in the market value of the Common Shares.

### Summary Compensation Table

The following table provides information regarding compensation earned by the Named Executive Officers for the financial years ended December 31, 2015, 2014 and 2013.

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	Long-Term Incentive Plans			
Patrick F.N. Anderson <sup>(4)</sup> Chairman and Chief Executive Officer	2015	400,000	Nil	214,339	N/A	N/A	N/A	Nil	614,339
	2014	400,000	100,050	207,896	N/A	N/A	N/A	300,000 <sup>(3)</sup>	1,007,946
	2013	400,000	Nil	Nil	N/A	N/A	N/A	Nil	400,000
Keith D. McKay Chief Financial Officer	2015	400,000	Nil	Nil	N/A	N/A	N/A	Nil	400,000
	2014	400,000	48,000	155,922	N/A	N/A	N/A	150,000 <sup>(3)</sup>	753,922
	2013	400,000	Nil	Nil	N/A	N/A	N/A	Nil	400,000
Eric Tremblay Chief Operating Officer <sup>(5)</sup>	2015	291,667	Nil	293,142	N/A	N/A	N/A	300,000 <sup>(3)</sup>	884,809
	2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Timothy Warman <sup>(6)</sup> President	2015	203,462	Nil	Nil	N/A	N/A	N/A	633,333 <sup>(7)</sup>	836,795
	2014	300,000	24,000	155,922	N/A	N/A	N/A	75,000 <sup>(3)</sup>	554,922
	2013	300,000	Nil	Nil	N/A	N/A	N/A	N/A	300,000
Ruth Ives <sup>(8)</sup> Vice President Project Development	2015	183,462	Nil	Nil	N/A	N/A	N/A	112,500 <sup>(7)</sup>	295,962
	2014	225,000	Nil	N/A	N/A	N/A	N/A	67,500 <sup>(3)</sup>	292,500
	2013	116,827	Nil	99,005	N/A	N/A	N/A	18,750 <sup>(3)</sup>	234,582

(1) On August 7, 2012, 300,000 RSUs at a fair value of \$1.11 per unit were granted to each of Messrs. Anderson and McKay under the RSU Plan. On October 2, 2014, 145,000 RSUs at a fair value of \$0.69 per unit were granted to Mr. Anderson. On April 7, 2015, 50,000 RSUs at a fair value of \$0.96 per unit were granted to Mr. McKay, and 25,000 RSUs at a fair value of \$0.96 per unit were granted to Mr. Warman.

(2) Calculated using the Black-Scholes method, based on grant date fair value of the options. The Black-Scholes method was selected as it is a widely used financial method to determine the fair price of options. Any unexercised options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(3) Represents bonuses paid to each Named Executive Officer. In respect of Mr. Tremblay, such figure represents a recruitment payment upon joining the Company.

(4) No compensation was paid to Mr. Anderson in his capacity as a director of the Company.

(5) Mr. Tremblay joined the Company on March 2, 2015 as Chief Operating Officer. In 2015, Mr. Tremblay was granted 750,000 options at an exercise price of \$0.78 per share.

(6) Mr. Warman ceased employment with the Company effective August 28, 2015. On joining the Company effective as at September 1, 2012, Mr. Warman was granted 500,000 options at an exercise price of \$1.02 per share. In 2014, Mr. Warman was granted 300,000 options at an exercise price of \$0.98 per share. Under the terms of Mr. Warman's separation and release agreement with the Company the options will remain exercisable until the earlier of their original expiry date and August 28, 2017.

(7) Amounts paid on termination of employment.

(8) Ms. Ives ceased employment with the Company effective September 2, 2015. On joining the Company on June 24, 2013, Ms. Ives was granted 225,000 options at an exercise price of \$0.71 per share. Under the terms of Ms. Ives' separation and release agreement with the Company, the options remained exercisable until March 2, 2016 and were exercised in full prior to such expiry date.

## Incentive Plan Awards for Named Executive Officers

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

The following table provides information regarding all incentive plan awards for each Named Executive Officer outstanding as of December 31, 2015.

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 (\$)
Patrick F.N. Anderson	250,000	0.25	January 19, 2016 <sup>(3)</sup>	135,000	300,000 145,000	237,000 114,550	N/A
	750,000	0.75	January 19, 2016 <sup>(3)</sup>	30,000			
	400,000	0.98	June 25, 2019	Nil			
	750,000	0.67	December 18, 2020	90,000			
Keith D. McKay	550,000	0.75	January 19, 2016 <sup>(3)</sup>	22,000	350,000	276,500	N/A
	300,000	0.98	June 25, 2019	Nil			
Eric Tremblay	750,000	0.78	March 2, 2020	7,500	N/A	N/A	N/A
Timothy Warman <sup>(4)</sup>	500,000	1.02	August 28, 2017 <sup>(4)</sup>	Nil	N/A	N/A	N/A
	300,000	0.98	August 28, 2017 <sup>(4)</sup>	Nil			
Ruth Ives <sup>(5)</sup>	225,000	0.71	March 2, 2016 <sup>(5)</sup>	18,000	N/A	N/A	N/A

(1) Calculated based on the difference in value between the exercise price of the options and the closing price of the Common Shares on the TSX on December 31, 2015 of \$0.79. Any unexercised options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(2) Calculated based on the closing price of the Common Shares on the TSX on December 31, 2015 of \$0.79.

(3) The original expiry date of the options was August 10, 2015, however such expiry date was automatically extended until January 19, 2016 in accordance with the Stock Option Plan due to a trading blackout period.

(4) Mr. Warman ceased employment with the Company effective August 28, 2015. The original expiry dates of the options held by Mr. Warman were September 11, 2017 and June 25, 2019, respectively. Under the terms of Mr. Warman's separation and release agreement with the Company the options held by him will remain exercisable until August 28, 2017.

(5) Ms. Ives ceased employment with the Company effective September 2, 2015. The original expiry date of the options held by Ms. Ives was May 8, 2018. Under the terms of Ms. Ives' separation and release agreement with the Company, the options were exercisable until March 2, 2016 and were exercised in full prior to such expiry date.

### Value Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each Named Executive Officer for the financial year ended December 31, 2015.

Name	Option Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Share Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Patrick F.N. Anderson	14,167	N/A	N/A
Keith D. McKay	5,000	N/A	N/A
Eric Tremblay	75,000	N/A	N/A
Timothy Warman	Nil	N/A	N/A
Ruth Ives	14,250	N/A	N/A

- (1) Based on the number of options that vested during the year and calculated based on the difference between the market price of the Common Shares on the TSX on the vesting date and the exercise price of the options. Any unexercised options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

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

The Company does not have a pension plan and does not provide any pension benefits.

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

The following is a summary of the relevant terms contained in the employment agreements that are, or were, in place with each of the Named Executive Officers, which provide for payments to each of them in connection with certain events of termination, resignation due to a “triggering event” (as defined below), or “change of control” (as defined below) of the Company.

Each of the employment agreements provide that an executive’s employment may be terminated by the Company at any time for just cause without notice and without any payment in lieu of notice, or payment for severance, benefits, damages or any other sums.

If the Company terminates an executive’s employment without cause, or if the executive terminates his or her employment as a result of a triggering event, then he or she is entitled to two years (other than for Ms. Ives, who was entitled to six months) of base salary, plus accrued but unused vacation to the date of termination. The executive’s stock options will vest on the date notice of termination is given, and will be exercisable until the earlier of the option termination date, or two years (other than for Ms. Ives, in which case it was six months) from such date of termination. Upon such termination, the executive (other than Ms. Ives) is entitled to receive a bonus for the year of termination with reference to the average annual bonus (as defined in the respective employment agreements), and the executive is entitled to participate in the Company’s benefits plan until the earlier of the second anniversary of (other than for Ms. Ives, in which case it was six months from) the termination date, or the date when alternate benefits coverage is obtained. If such participation is not permitted under the terms of any such plan, the Company must provide the executive (other than Ms. Ives) with an amount sufficient for him or her to obtain equivalent coverage.

If within the 12 month period after any change of control during the term of an executive’s employment, (a) the Company gives notice of its intention to terminate the executive’s employment for any reason other than just cause or (b) a triggering event occurs and the executive elects to terminate his or her employment, such executive is entitled to the same benefits he or she would receive as if he or she was terminated without cause, in addition to two times his or her average annual bonus (other than for Ms. Ives, who was not entitled to any bonus payment).

A “change of control” means the occurrence of any one or more of the following events: (a) less than 50% of the Board being composed of continuing directors; (b) the acquisition by an acquirer, other than through a private offering of securities undertaken with the Board’s consent, of control of the voting securities of the Company which, when added to the already held securities of the acquirer totals more than 50% of the votes attached to all of the Company’s outstanding voting securities; (c) the passing of a resolution regarding the acquisition described in (b) above, even if the securities have not been transferred or issued to the acquirer; (d) the Company’s sale or transfer of property or assets (i) aggregating more than 50% of the Company’s and its subsidiaries’ consolidated assets as at the most recently completed financial year of the Company, or (ii) which generated or was expected to generate during the most recently completed financial year, more than 50% of the consolidated operating income or cash flow of the Company and its subsidiaries, to any other person; (e) the passing of a resolution regarding the sale or transfer described in (d) above; or (f) the sale of all or substantially all of the Company’s assets.

A “triggering event” can mean any one of the following events which occurs without the express agreement in writing of the executive (see summaries below for which triggering events apply to each Named Executive Officer):

- (a) the assignment to the executive of any duties materially inconsistent in any respect with such executive's position, authority, duties or responsibilities, or any other action by the Company which results in a significant diminution in such position, authority, duties or responsibilities from that which existed immediately prior to such change, or a material adverse change in any of the benefits or perquisites of the executive as they exist, and with respect to financial entitlements, the conditions under and manner in which they were payable, immediately prior to the change;
- (b) a negative change to the executive's title;
- (c) a reduction by the Company in the executive's base salary in effect at such time;
- (d) any failure by the Company to comply with any other terms of the executive's employment, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied promptly after receipt of written notice thereof;
- (e) a change in the office or body to whom the executive reports, except if such office or body is of equivalent rank or stature, provided that this shall not include a change resulting from a promotion in the normal course of business;
- (f) a material change in the hours during which the executive is regularly required to carry out the terms of his employment with the Company, or the Company requiring the executive (i) to be based at any office or location other than (A) within a 10 kilometre radius of the Company's head office or (B) at any other office or location previously agreed to in writing by the executive, or (ii) to travel on business to an extent substantially greater than the travel obligations of the executive immediately prior to such change; or
- (g) any other purported termination by the Company (including an event of constructive dismissal) of the executive's employment other than for cause.

Patrick F.N. Anderson

The Company entered into an employment agreement with Patrick F.N. Anderson, Chairman and Chief Executive Officer of the Company, on August 3, 2011, effective January 1, 2011. In 2015, Mr. Anderson received an annual salary of \$400,000 and was eligible for a discretionary bonus component of up to an additional 50% of his base annual salary. Mr. Anderson is also eligible for a special bonus of 1% of the amount by which the market capitalization of the Company exceeds \$300,000,000 in the event of a successfully concluded transaction resulting in a change of control.

A "triggering event" pursuant to Mr. Anderson's employment agreement means any of the events in subsections (a) to (g) of the definition of "triggering event" set forth above.

The employment agreement provides for, among other things, certain confidentiality and conflict of interest provisions. Mr. Anderson is also bound by non-solicitation and non-competition provisions during the term of his employment and for a period of one year following termination or resignation of his employment, or two years from the date of termination in the event Mr. Anderson was terminated without cause (other than a termination or resignation pursuant to a change of control where, within 12 months from such change of control, the Company gave notice of termination for any reason other than just cause, or a triggering event has occurred whereby Mr. Anderson elects to terminate his employment).

The following are the estimated incremental payments, payables and benefits, assuming termination of employment, other than for just cause, or a triggering event took place on December 31, 2015, in each case, in the context of a change of control:

Name	Aggregate Base Salary (\$)	Aggregate Bonus (\$)	Options/RSUs (\$)	Other Benefits (\$)	Total (\$)
Patrick F.N. Anderson	800,000	400,000	606,550	-	1,806,550



### Keith D. McKay

The Company entered into an employment agreement with Keith D. McKay, Chief Financial Officer of the Company, on August 3, 2011, effective August 1, 2011. In 2015, Mr. McKay's annual salary was \$400,000, and Mr. McKay was eligible for a discretionary bonus component of up to an additional 50% of his base annual salary. Mr. McKay is also eligible for a special bonus of 1% of the amount by which the market capitalization of the Company exceeds \$300,000,000 in the event of a successfully concluded transaction resulting in a change of control.

A "triggering event" pursuant to Mr. McKay's employment agreement means any of the events in subsections (a) to (g) of the definition of "triggering event" set forth above, and also includes if Mr. Anderson is no longer the Chief Executive Officer of the Company and Mr. McKay is not asked to succeed to role of Chief Executive Officer on a full time basis.

The employment agreement provides for, among other things, certain confidentiality and conflict of interest provisions. Mr. McKay is also bound by non-solicitation and non-competition provisions during the term of his employment and for a period of one year following termination or resignation of his employment, or two years from the date of termination in the event Mr. McKay was terminated without cause (other than a termination or resignation pursuant to a change of control where, within 12 months from such change of control, the Company gave notice of termination for any reason other than just cause, or a triggering event has occurred whereby Mr. McKay elects to terminate his employment).

The following are the estimated incremental payments, payables and benefits, assuming termination of employment, other than for just cause, or a triggering event took place on December 31, 2015, in each case in the context of a change of control:

Name	Aggregate Base Salary (\$)	Aggregate Bonus (\$)	Options/RSUs (\$)	Other Benefits (\$)	Total (\$)
Keith D. McKay	800,000	400,000	298,500	-	1,498,500

As previously announced by the Company on September 3, 2015, Mr. McKay will be retiring during 2016 once a replacement has been found and a transition period has been completed.

### Eric Tremblay

The Company entered into an employment letter on December 22, 2014 with Eric Tremblay, Chief Operating Officer of the Company. In 2015, Mr. Tremblay's annual salary was \$350,000, and Mr. Tremblay was eligible for a discretionary bonus component of up to an additional 50% of his base annual salary.

A "triggering event" pursuant to Mr. Tremblay's employment letter means any of the events in subsections (a) to (e) of the definition of "triggering event" set forth above.

The employment agreement provides for, among other things, certain confidentiality and conflict of interest provisions. Mr. Tremblay is also bound by non-solicitation and non-competition provisions during the term of his employment and for a period of two years from the date of termination.

The following are the estimated incremental payments, payables and benefits, assuming termination of employment, other than for just cause, or a triggering event took place on December 31, 2015, in each case, in the context of a change of control:

Name	Aggregate Base Salary (\$)	Aggregate Bonus (\$)	Options/RSUs (\$)	Other Benefits (\$)	Total (\$)
Eric Tremblay	700,000	350,000	7,500	-	1,057,500

## Timothy Warman

The Company entered into an employment agreement with Timothy Warman, President of the Company, on May 14, 2014. In 2015, Mr. Warman's annual salary was \$300,000, and Mr. Warman was eligible for a discretionary bonus component of up to an additional 50% of his base annual salary.

The employment agreement provided for, among other things, certain confidentiality and conflict of interest provisions. Mr. Warman is also bound by non-solicitation and non-competition provisions for a period of two years from the date of termination.

Mr. Warman ceased to be employed with the Company effective August 28, 2015. Pursuant to the terms of the separation and release agreement entered into with the Company, Mr. Warman received a payment of \$600,000 (representing his entitlement to two times his base salary) and a bonus payment of \$33,333.

## Ruth Ives

The Company entered into an employment agreement with Ruth Ives, Vice President, Project Development of the Company, on May 21, 2014. In 2015, Ms. Ives' annual salary was \$225,000, and Ms. Ives was eligible for a discretionary bonus component of up to an additional 30% of her base annual salary.

The employment agreement provided for, among other things, certain confidentiality and conflict of interest provisions. Ms. Ives is also bound by non-solicitation provisions for a period of one year from the date of termination.

Ms. Ives ceased to be employed with the Company on September 2, 2015. Pursuant to the terms of the separation and release agreement entered into with the Company, Ms. Ives received a payment of \$112,500 (representing her entitlement to six months of base salary).

## **Director Compensation**

The following table provides information regarding compensation earned by each director (who is not also a Named Executive Officer) for the financial year ended December 31, 2015.

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 (\$)
Thomas J. Obradovich	115,152	N/A	42,868	N/A	N/A	Nil	158,020
Dr. Nicole Adshead-Bell <sup>(3)</sup>	Nil	N/A	71,446	N/A	N/A	Nil	71,446
Patrick Downey <sup>(4)</sup>	30,000	N/A	140,731	N/A	N/A	Nil	170,731
Ronald P. Gagel	60,000	N/A	42,868	N/A	N/A	Nil	102,868
Sean E.O. Roosen	50,000	N/A	42,868	N/A	N/A	Nil	92,868
Jonathan Rubenstein	60,000	N/A	42,868	N/A	N/A	Nil	102,868
Jim Rutherford <sup>(5)</sup>	25,000	N/A	140,731	N/A	N/A	Nil	165,731
Ari B. Sussman <sup>(6)</sup>	12,500	N/A	Nil	N/A	N/A	Nil	12,500
D. Grenville Thomas <sup>(7)</sup>	55,000	N/A	42,868	N/A	N/A	Nil	97,868

(1) No compensation was paid to Mr. Anderson in his capacity as director of the Company. For a summary of the compensation paid to Mr. Anderson in his capacity as an executive officer of the Company, see "Summary Compensation Table" above.

(2) Calculated using the Black-Scholes method, based on grant date fair value of the options. The Black-Scholes method was selected as it is a widely used financial method to determine the fair price of options. Any unexercised options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(3) Dr. Nicole Adshead-Bell was appointed as a director of the Company on December 3, 2015.

(4) Mr. Downey was appointed as a director of the Company on June 23, 2015.

- (5) Mr. Rutherford was appointed as a director of the Company on June 23, 2015.  
(6) Mr. Sussman resigned as a director of the Company effective April 10, 2015.  
(7) Mr. Thomas will not be standing for re-election at the Meeting.

### **Incentive Plan Awards for Directors**

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

The following table provides information regarding all incentive plan awards for each director (who is not also a Named Executive Officer) outstanding as of December 31, 2015.

Name <sup>(1)</sup>	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>(2)</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>(3)</sup>	Market or Payout Value of Vested Share-Based Awards not Paid Out or Distributed (\$)
Thomas J. Obradovich	250,000	1.60	May 27, 2016	Nil	250,000	197,500	N/A
	250,000	1.11	Aug. 7, 2017	Nil			
	150,000	0.98	Jun. 25, 2019	Nil			
	150,000	0.67	Dec. 18, 2020	18,000			
Dr. Nicole Adshead-Bell <sup>(4)</sup>	250,000	0.67	Dec. 18, 2020	30,000	N/A	N/A	N/A
Patrick Downey <sup>(5)</sup>	250,000	0.90	Aug. 20, 2020	Nil	N/A	N/A	N/A
	150,000	0.67	Dec. 18, 2020	18,000			
Ronald P. Gagel	250,000	0.75	Jan. 19, 2016 <sup>(8)</sup>	10,000	N/A	N/A	N/A
	150,000	1.11	Aug. 7, 2017	Nil			
	150,000	0.98	Jun. 25, 2019	Nil			
	150,000	0.67	Dec. 18, 2020	18,000			
Sean E.O. Roosen	150,000	0.25	Jan. 19, 2016 <sup>(8)</sup>	81,000	N/A	N/A	N/A
	250,000	0.75	Jan. 19, 2016 <sup>(8)</sup>	10,000			
	150,000	1.11	Aug. 7, 2017	Nil			
	150,000	0.98	Jun. 25, 2019	Nil			
	150,000	0.67	Dec. 18, 2020	18,000			
Jonathan Rubenstein	250,000	0.71	Jul. 9, 2018	20,000	N/A	N/A	N/A
	150,000	0.98	Jun. 25, 2019	Nil			
	150,000	0.67	Dec. 18, 2020	18,000			
Jim Rutherford <sup>(6)</sup>	250,000	0.90	Aug. 20, 2020	Nil	N/A	N/A	N/A
	150,000	0.67	Dec. 18, 2020	18,000			
Ari B. Sussman <sup>(7)</sup>	150,000	1.11	Jun. 30, 2017	Nil	N/A	N/A	N/A
	150,000	0.98	Jun. 30, 2017	Nil			
D. Grenville Thomas <sup>(9)</sup>	250,000	0.71	Jul. 9, 2018	20,000	N/A	N/A	N/A
	150,000	0.98	Jun. 25, 2019	Nil			
	150,000	0.67	Dec. 18, 2020	18,000			

- (1) For a summary of option-based awards granted to Mr. Anderson, see "Incentive Plan Awards for Named Executive Officers" above.  
(2) Calculated based on the difference in value between the exercise price of the options and the closing price of the Common Shares on the TSX on December 31, 2015 of \$0.79. Any unexercised options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.  
(3) The value of the RSUs was calculated based on the closing price of the Common Shares on the TSX on December 31, 2015 of \$0.79.  
(4) Dr. Nicole Adshead-Bell was appointed as a director of the Company on December 3, 2015.  
(5) Mr. Downey was appointed as a director of the Company on June 23, 2015.  
(6) Mr. Rutherford was appointed as a director of the Company on June 23, 2015.  
(7) Mr. Sussman resigned as a director of the Company effective April 10, 2015. It was determined by the Board that the options held by Mr. Sussman would continue to remain exercisable by him until June 30, 2017.  
(8) The original expiry date of the options was August 10, 2015, however such expiry date was automatically extended until January 19, 2016 in accordance with the Stock Option Plan due to a trading blackout period.  
(9) Mr. Thomas will not be standing for re-election at the Meeting.

## Value Vested or Earned During the Year

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each director (who is not also a Named Executive Officer) for the financial year ended December 31, 2015.

<b>Name<sup>(1)</sup></b>	<b>Option awards – Value vested during the year (\$)<sup>(2) (4)</sup></b>	<b>Share awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Thomas J. Obradovich	4,000	N/A	N/A
Dr. Nicole Adshead-Bell <sup>(3)</sup>	7,500	N/A	N/A
Patrick Downey <sup>(4)</sup>	4,000	N/A	N/A
Ronald P. Gagel	4,000	N/A	N/A
Sean E.O. Roosen	4,000	N/A	N/A
Jonathan Rubenstein	4,000	N/A	N/A
Jim Rutherford <sup>(5)</sup>	4,000	N/A	N/A
Ari B. Sussman <sup>(6)</sup>	2,500	N/A	N/A
D. Grenville Thomas <sup>(7)</sup>	4,000	N/A	N/A

- (1) For a summary of option-based awards granted to Mr. Anderson, see “Incentive Plan Awards for Named Executive Officers” above.
- (2) Based on the number of options that vested during the year and calculated based on the difference between the market price of the Common Shares on the TSX on the vesting date and the exercise price of the options. Any unexercised options may never be exercised and actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.
- (3) Dr. Nicole Adshead-Bell was appointed as a director of the Company on December 3, 2015.
- (4) Mr. Downey was appointed as a director of the Company on June 23, 2015.
- (5) Mr. Rutherford was appointed as a director of the Company on June 23, 2015.
- (6) Mr. Sussman resigned as a director of the Company effective April 10, 2015. It was determined by the Board that the options held by Mr. Sussman would continue to remain exercisable by him until June 30, 2017.
- (7) Mr. Thomas will not be standing for re-election at the Meeting.

## Corporate Governance Practices

Corporate governance refers to the way the business and affairs of a reporting issuer are managed and relates to the activities of the Board, the members of whom are elected by and are accountable to the shareholders. Corporate governance takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices that are both in the interest of the Company and its shareholders and contribute to effective and efficient decision-making.

In June 2005, National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”) and National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) were adopted by the securities regulatory authorities in Canada. NP 58-201 establishes corporate governance guidelines which apply to all public companies and the Company has implemented its own corporate governance practices in light of these guidelines. NI 58-101 mandates the disclosure of corporate governance practices in accordance with Form 58-101F1, which disclosure is set out below.

## **Board of Directors**

The Board currently consists of nine members, a majority of whom are independent. Mr. Anderson is not independent as he serves as the Chairman and Chief Executive Officer of the Company. Messrs.

Obradovich (Lead Director), Roosen, Gagel, Rubenstein, Thomas, Downey, Rutherford and Dr. Adshead-Bell are independent within the meaning of NI 58-101.

The following directors and director nominees of the Company currently hold directorships in the following reporting issuers (or equivalent in a foreign jurisdiction) as noted below:

<b>Director</b>	<b>Other Reporting Issuers</b>	<b>Stock Exchange</b>
Patrick F.N. Anderson	Oban Mining Corporation (Corporate Governance and Nominating Committee (Chairman) and Compensation Committee)	TSX
Thomas J. Obradovich	Barkerville Gold Mines Ltd.	TSXV
Dr. Nicole Adshead-Bell	Pretium Resources Inc. (Corporate Governance Committee; Technical Committee)	TSX; NYSE
	Lithium Americas Corp. (Compensation & Benefits Committee (Chairperson); Nominating & Corporate Governance Committee; Environmental, Health, Safety & Community Engagement Committee)	TSX
Patrick G. Downey	Claude Resources Inc. (Human Resources & Compensation Committee, Safety, Health & Environmental Committee, Nominating and Corporate Governance Committee, Special Committee)	TSXV
	Orezone Gold Corporation (Audit Committee; Corporate Governance, Compensation and Nomination Committee)	TSXV
	Argentex Mining Corporation (Compensation Committee, Nomination Committee, Special Committee)	TSX
	Pan Global Resources Inc. (Audit Committee, Compensation Committee)	TSX
Ronald P. Gagel	Adriana Resources Inc. (Audit Committee (Chairman); Corporate Governance and Nominating Committee)	TSXV
	Stonegate Agricom Ltd. (Audit Committee)	TSX
Sean E.O. Roosen	Osisko Gold Royalties Ltd. (Chairman; Sustainability Committee)	TSX
	Barkerville Gold Mines Ltd. (Co-Chairman)	TSXV
	Condor Petroleum Inc. (Compensation Committee (Chairman); Nominating and Corporate Governance Committee (Chairman))	TSX
	Falco Resources Ltd. (Chairman)	TSXV
	Oban Mining Corporation (Co-Chairman; Audit Committee; Financial Committee)	TSX
Jonathan Rubenstein	Detour Gold Corporation (Human Resources and Compensation Committee; Corporate Governance and Nominating Committee (Chairman))	TSX
	Eldorado Gold Corporation (Compensation Committee (Chairman); Corporate Governance and Nominating Committee)	TSX; NYSE
	MAG Silver Corp. (Chairman)	TSX; NYSE

Director	Other Reporting Issuers	Stock Exchange
	(Corporate Governance & Nomination Committee)	
	Roxgold Inc. (Corporate Governance and Nominating Committee (Chairman); Audit Committee)	TSXV
Jim Rutherford	Anglo American plc	LSE
D. Grenville Thomas <sup>(1)</sup>	Strongbow Exploration Inc.	TSXV
	North Arrow Minerals Inc.	TSXV
	Westhaven Ventures Inc.	TSXV
	Helio Resources Corp.	TSXV

(1) Mr. Thomas will not be standing for re-election at the Meeting.

The independent directors regularly hold meetings following the Board meetings, chaired by the Lead Director, at which non-independent directors and members of management are not in attendance. In 2015, the independent directors held 6 such meetings. Any items of discussion which could involve a potential conflict of interest among one or more directors will be voted on by those directors who do not have a conflict in connection with the relevant matter. The Board may at any time retain outside financial, legal or other advisors at the expense of the Company. Any director may, subject to the approval of the Corporate Governance and Compensation Committee, retain an outside advisor at the expense of the Company.

Mr. Anderson, who is also the Chief Executive Officer of the Company, is the Chairman of the Board and as such is not independent. Mr. Obradovich, who is independent, serves as the Lead Director of the Board.

In 2015, the Chairman provided leadership to the Board and was responsible for chairing all Board meetings in a manner that promoted open communication. The Chairman was responsible for, among other things, ensuring that meetings were held with appropriate frequency, that resources were available to the Board as necessary, that functions were delegated to the appropriate committees of the Board and responsibilities were understood. The Chairman was also responsible for ensuring a process is in place to assess the effectiveness of the Board (including size and composition) on an annual basis and to work with the Corporate Governance and Compensation Committee to ensure a process is in place to assess the contribution of individual directors on an annual basis. The Chairman also acted as a liaison between the Board and management of the Company and, at the request of the Board, represented the Company to external groups such as shareholders, community groups and government.

The role of the Lead Director is to provide independent leadership to the Board and facilitate the functioning of the Board independently of the Company's management. Together with the Chair of the Corporate Governance and Compensation Committee, the Lead Director is responsible for overseeing the corporate governance practices of the Company. Additional responsibilities of the Lead Director are, among other things: to chair meetings of independent directors or non-management directors held following Board meetings, in the absence of the Chairman, to act as chair of meetings of the Board, and to consult with the independent directors and represent such directors in discussions with management of the Company concerning corporate governance issues and other matters. Together with the Chairman, the Lead Director's role is also to ensure that all business required to come before the Board is brought before the Board, such that it is able to carry out all of its duties to supervise the management of the business and affairs of the Company. In addition, together with the Chairman of the Board and the Chair of the Corporate Governance and Compensation Committee, the Lead Director is also to ensure that the Board, committees of the Board, individual directors and senior management of the Company understand and discharge their duties and obligations under the approach to corporate governance adopted by the Board from time to time.

## Board Meetings

The attendance record of each director for all Board and committee meetings held during the fiscal year ended December 31, 2015, while the relevant director was on the Board or committee, is as follows:

Name	Board meetings	Audit Committee meetings	Corporate Governance and Compensation Committee meetings	Safety, Health and Environmental Affairs Committee meetings
Patrick F.N. Anderson	7 of 8	-	-	-
Thomas J. Obradovich	8 of 8	-	4 of 4	-
Dr. Nicole Adshead-Bell <sup>(1)</sup>	1 of 1	-	-	-
Patrick G. Downey <sup>(2)</sup>	4 of 5	-	1 of 1	2 of 2
Ronald P. Gagel	8 of 8	4 of 4	-	-
Sean E.O. Roosen <sup>(3)</sup>	8 of 8	2 of 2	-	2 of 2
Jonathan Rubenstein	8 of 8	4 of 4	4 of 4	-
Jim Rutherford <sup>(4)</sup>	4 of 5	2 of 2	-	-
Ari B. Sussman <sup>(5)</sup>	2 of 2	-	3 of 4	-
D. Grenville Thomas <sup>(6)</sup>	8 of 8	-	-	2 of 2

(1) Dr. Adshead-Bell was appointed as a director of the Company effective December 3, 2015.

(2) Mr. Downey was appointed as a director of the Company effective June 23, 2015 and became Chairman of the Safety, Health and Environmental Affairs Committee.

(3) On June 23, 2015, Mr. Roosen ceased to be a member of the Audit Committee and became a member of the Safety, Health and Environmental Affairs Committee.

(4) Mr. Rutherford was appointed as a director of the Company effective June 23, 2015 and became a member of the Audit Committee.

(5) Mr. Sussman resigned as a director of the Company effective April 10, 2015.

(6) Mr. Thomas will not be standing for re-election at the Meeting.

## Board Mandate

The Board has adopted a comprehensive written mandate in which it assumes responsibility for the stewardship and development of the Company. The mandate provides that: (i) the Board's primary responsibility is to develop and adopt the strategic direction of the Company and to, at least annually, review and approve a strategic plan as developed and proposed by management, which takes into account the business opportunities and risks of the Company; and (ii) the Board is responsible for reviewing and approving the Company's financial objectives, plans and actions, including significant capital allocations and expenditures.

The Board is also responsible for, among other things: (i) monitoring corporate performance; (ii) identifying principal business risks and ensuring that appropriate systems are put in place to manage such risks; (iii) monitoring and ensuring internal control and procedures; (iv) ensuring appropriate standards of corporate conduct; (v) reviewing and approving financial statements and management's discussion and analysis (however, it has delegated to the Audit Committee the ability to approve quarterly financial statements and management's discussion and analysis without further review by the Board); (vi) reviewing compensation of the members of the Board; (vii) reviewing and approving material transactions and annual budgets; (viii) developing the Company's approach to corporate governance; (ix) identifying and recommending new nominees; and (x) assessing its own effectiveness in fulfilling its mandate. The Board's mandate sets forth procedures relating to the Board's operations such as the size of the Board and selection process, director qualifications, director orientation and continuing education, meetings and committees, evaluations, compensation and access to independent advisors.

## ***Position Descriptions***

### Chairman of the Board

On May 14, 2015, Mr. Anderson was appointed as the Chairman of the Board, taking over from Mr. Obradovich who was appointed as an independent Lead Director. The Board has developed and adopted a written position description for the Chairman of the Board, indicating that the Chairman is responsible for, among other things, chairing all meetings of the Board in a manner that promotes meaningful discussion, providing leadership to enhance the Board's effectiveness, acting as a liaison between the Board and management and at the request of the Board, representing the Company to external groups, including shareholders, community groups and government.

### Chairman of the Audit Committee

The Chairman of the Audit Committee is Mr. Gagel. The Board has adopted a written position description for the Chairman of the Audit Committee, indicating that the Chairman of the Audit Committee is responsible for, among other things, chairing all meetings of the Audit Committee, ensuring the Audit Committee monitors the Company's financial reporting process and internal control systems independently and objectively, ensuring procedures are in place to review the Company's public financial information disclosure and overseeing the Audit Committee's participation in the accounting and financial reporting process and audits of the financial statements.

### Chairman of the Corporate Governance and Compensation Committee

The Chairman of the Corporate Governance and Compensation Committee is Mr. Rubenstein. The Board has developed and adopted a written position description for the Chairman of this committee, indicating that the Chairman of the Corporate Governance and Compensation Committee is responsible for, among other things, ensuring an annual assessment of the effectiveness of the Board and the Company's governance is completed, reviewing the Board's compensation on at least an annual basis and reviewing and recommending to the Board the level of compensation packages for the executive officers and members of senior management.

The Chairman of the Corporate Governance and Compensation Committee is also responsible for working with the Lead Director to (i) oversee the corporate governance practices of the Company, (ii) to ensure the Board functions independently of management of the Company, and (iii) ensuring that the Board, committees of the Board, individual directors and senior management of the Company understand and discharge their duties and obligations under the approach to corporate governance.

### Chairman of the Safety, Health and Environmental Affairs Committee

The Chairman of the Safety, Health and Environmental Affairs Committee is Mr. Downey. The Board has not developed and adopted a position description for the Chairman of the Safety, Health and Environmental Affairs Committee; however, the role and responsibility of the Chairman of this committee will be to lead candid discussion among the other members of the committee, to assign tasks to the respective members as required and to report to the Board as necessary with respect to items within the purview of such committee.

### Chief Executive Officer

The Board has developed and adopted a written position description for the Chief Executive Officer whose primary role is to take overall supervisory and managerial responsibility for the day-to-day operations of the Company's business and manage the Company in order to achieve the goals and objectives determined by the Board in the context of the Company's strategic plan. The Chief Executive Officer's position statement sets forth responsibilities including, but not limited to: (i) maintaining, developing and implementing the Company's strategic plans; (ii) developing new strategic alliances to enhance shareholder value; (iii) providing high quality leadership, support, coordination and guidance to staff and various responsible



officers and managers; (iv) ensuring communications between the Company and major shareholders; (v) providing timely strategic, operational and reporting information to the Board; (vi) coordinating the preparation of an annual business plan or strategic plan; and (vii) taking responsibility for the administration of all of the Company's sub-areas and administrative practices.

### ***Ethical Business Conduct***

In fulfilling its mandate and approving various decisions put forth by management, the Board ensures that the measures taken by management comply with Canadian securities regulations and other applicable legislation. Members of the Board are also keenly aware of their fiduciary role with the Company as well as their individual fiduciary duties in their capacity as directors, all of which are set out in various provincial corporate legislation. In exercising their powers and discharging their duties, the Board is required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board has adopted a written code of ethics entitled the "Code of Business Conduct and Ethics" (the "**Ethics Code**"), which applies to all employees, officers and directors of the Company. The purpose of the Ethics Code is to, among other things, promote honest and ethical conduct, promote legal compliance, promote the avoidance of conflicts of interest, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability within the Company.

The Board is responsible for compliance issues relating to the Ethics Code, which contains the procedures by which an individual can report actual or potential violations of the Ethics Code to the Chairman. The Ethics Code provides that any violations of the Ethics Code by any employee, officer or director are grounds for disciplinary action including termination of employment, office and directorship.

Pursuant to the Ethics Code, directors or officers of the Company are required to disclose to the Chairman in writing, any conflicts of interest, or request to have entered into the minutes of meetings of the Board the nature and extent of such interest. The fiduciary duties placed on individual directors pursuant to corporate legislation and the common law, and the conflict of interest provisions under corporate legislation which restrict an individual director's participation in decisions of the Board in which the director has an interest also ensure that the Board operates independently of management and in the best interests of the Company.

The Company has adopted a written "Whistleblower Policy" which establishes procedures for: (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or violations of the Ethics Code; and (ii) the submission by employees of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations of the Ethics Code.

The Company has adopted a "Corporate Disclosure and Insider Trading Policy" to ensure that: (i) the Company complies with timely disclosure obligations under securities laws, including the AIM Rules for Companies published by the London Stock Exchange plc; (ii) the Company prevents the selective disclosure of material changes; (iii) documents released by the Company or public oral statements that relate to the business and affairs of the Company do not contain a misrepresentation; (iv) persons to whom the policy applies understand their obligations to preserve the confidentiality of "undisclosed material information" (as defined in the policy); and (v) all appropriate parties who have "undisclosed material information" are prohibited from trading in securities of the Company on such information and "tipping" under applicable laws, TSX rules and the policy.

A copy of the above policies and mandates of the Company are available on the Company's website at [www.dalradian.com](http://www.dalradian.com).

The Company has also adopted an "Anti-bribery and Anti-corruption Policy" which provides a framework to ensure that the Company and its subsidiaries, together with their respective directors, officers, employees, agents, contractors and consultants, wherever located, conduct business: (i) in an honest and ethical

manner reflecting the highest standards of integrity; (ii) in compliance with all laws, instruments, rules and regulatory requirements applicable to the Company and its subsidiaries; (iii) in compliance with the Ethics Code; and (iv) in a manner that does not contravene anti-bribery and anti-corruption laws that apply to the Company and its subsidiaries, including without limitation the *Criminal Code* (Canada) and *Corruption of Foreign Public Officials Act* (Canada).

### ***Nomination of Directors***

The Board as a whole is responsible for the nomination of directors under the leadership of the Chairman of the Board, and does not have a specific nominating committee responsible for identifying new candidates for Board nomination. The Board's responsibilities include identifying and recommending new candidates for nomination to the Board based upon: (i) the competencies and skills necessary for the Board as a whole to possess; (ii) the competencies and skills necessary for each individual director to possess; (iii) the competencies and skills which each new nominee to the Board is expected to bring; and (iv) whether the proposed nominee to the Board will be able to devote sufficient time and resources to the Company. To encourage an objective nomination process, the Board promotes open and candid discussion among its independent directors.

The size of the Board is reviewed on a regular basis. The Board takes into account the number of directors required to carry out the Board's duties effectively, and to maintain a diversity of views and experience.

### ***Director Term Limits and Female Representation in Management and on the Board***

The Company has not instituted director term limits. The Company believes that in taking into account the nature and size of the Board and the Company, it is more important to have relevant experience than to impose set time limits on a director's tenure, which may create vacancies at a time when a suitable candidate cannot be identified and as such would not be in the best interests of the Company. In lieu of imposing term limits, the Company regularly monitors director performance through annual assessments and regularly encourages sharing and new perspectives through regularly scheduled Board meetings, regularly scheduled meetings chaired by the Lead Director with only independent directors in attendance, as well as through continuing education initiatives. On a regular basis, the Company analyzes the skills and experience necessary for the Board and evaluates the need for director changes to ensure that the Company has highly knowledgeable and motivated Board members, while ensuring that new perspectives are available to the Board.

The Company has not implemented a diversity policy; however the Company believes that it currently promotes the benefits of, and need for, extending opportunities to all internal personnel and outside candidates, without distinction as to gender, race, colour, religion, sexual orientation, family or marital status, political belief, age, national or ethnic origin, citizenship, disability, or any other basis and will strive for diversity of experience, perspective and education given the diversity of the Board and its executive officer positions. When an addition to the Board or the management of the Company is being sought, the Company aims to ensure that the candidate pool for the position is diverse. The Company believes that it currently focuses on hiring the best quality individuals for the position and also encourages representation of women on the Board and in executive officer positions.

The Company currently has nine Board members, one of whom is female and four executive officers, one of whom is female. The Company has not set a targeted number, or percentage of, female representation on its Board or for executive officer positions. The Company's focus has always been, and will continue to be, working to attract the highest quality executive officers and Board candidates with special focus on the skills, experience, character and behavioural qualities of each candidate. The Company will continue to monitor developments in the area of diversity.

## **Assessments**

The Board is responsible for reviewing on an annual basis, the requisite competencies and skills of prospective members of the Board as well as the composition of the Board as a whole. The Board completed an assessment process in 2015 led by the Chairman, whereby assessments included each member's contribution and qualification as an independent director, as well as diversity, skills and experience in the context of the needs of the Board. The committees of the Board, and the members of each committee, are also regularly assessed with respect to their effectiveness and contribution as part of the overall annual Board assessment process.

## **Board Committees**

### Corporate Governance and Compensation Committee

The Corporate Governance and Compensation Committee is composed entirely of independent directors.

#### *Orientation and Continuing Education*

The Company's directors have extensive experience in the mining industry and have acted, or continue to act, as directors of other public mining exploration and development companies. The Corporate Governance and Compensation Committee is responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Company remains current. New directors of the Company have the opportunity to meet with the other members of the Board in addition to management to obtain insight into the Company's business. A majority of the directors visited the Company's Curraghinalt deposit in Northern Ireland within the last two years.

#### *Compensation*

The Board, with the assistance of the Corporate Governance and Compensation Committee is responsible for reviewing the compensation of members of the Board to ensure that compensation realistically reflects the responsibilities and risks involved in being a director and for reviewing the compensation of members of senior management to ensure that compensation is competitive within the industry and aligns the interests of such individual with those of the Company.

In connection with its responsibilities relating to compensation of the Company's directors and officers, the Corporate Governance and Compensation Committee is responsible for: (i) annually reviewing, approving and recommending to the Board for approval, the remuneration of the directors and senior executives of the Company (including the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer) including any bonus entitlements; (ii) comparing on an annual but informal basis the total remuneration and main components of compensation for the senior executives with that of peers in the same industry; (iii) reviewing the Chief Executive Officer's goals and objectives for the upcoming year and providing an appraisal of such performance at the end of the year; (iv) meeting with the Chief Executive Officer to discuss goals, objectives, compensation and performance of other senior executive officers; (v) developing and submitting recommendations with regard to other employee benefits and bonus plans; (vi) periodically reviewing bonus plans and stock option plans in light of new trends and practices in the industry; (vii) administering the Company's stock option plan; and (viii) reviewing the Company's executive compensation disclosure in any management information circular of the Company. The Corporate Governance and Compensation Committee may employ independent experts periodically as deemed necessary to review remuneration policies for executive officers and directors. See "Statement of Executive Compensation – Compensation Discussion and Analysis" above.

#### *Other*

Together with the Chairman, the Corporate Governance and Compensation Committee is also responsible for approving and monitoring related party transactions, performing an annual evaluation of the

effectiveness of the Board as a whole, the committees of the Board, and the contributions of individual directors and adopting such policies and procedures as it deems appropriate to operate effectively. Pursuant to the Board Mandate, the Corporate Governance and Compensation Committee is also tasked with recommending a candidate for the position of Lead Director from among the independent members of the Board.

#### Safety, Health and Environmental Affairs Committee

The Safety, Health and Environmental Affairs Committee is responsible for: (i) reviewing and making recommendations to the Board on environmental or occupational health and safety policies, standards and programs for the Company; (ii) receiving reports on the extent of compliance or non-compliance with environmental or occupational health and safety policies, standards and applicable legislation and submitting plans to correct deficiencies; (iii) reviewing other environmental or occupational health and safety matters as the Safety, Health and Environmental Affairs Committee or the Board may see fit; and (iv) assisting the Board in overseeing matters relating to community affairs and liaising with local communities in respect of the Company's operations. The Safety, Health and Environmental Affairs Committee visited the Company's Carraghinalt deposit in Northern Ireland during the financial year ended December 31, 2015.

#### Audit Committee

The Audit Committee is responsible for assisting the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting processes and internal controls. The committee's primary duties and responsibilities are to: (i) conduct reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the committee; (ii) assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures; (iii) review the quarterly and annual financial statements and management's discussion and analysis of the Company's consolidated financial position and operating results and, with respect to the annual financial statements and related management's discussion and analysis, report thereon to the Board for approval; (iv) select and monitor the independence and performance of the Company's external auditors including attendance at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and (v) provide oversight of all disclosure relating to financial statements, management's discussion and analysis and information derived therefrom. The Audit Committee is responsible for inquiring of management and the external auditors about significant risks or exposures, both internal and external to which the Company may be subject and assessing the steps management has taken to minimize such risks. The Audit Committee is also responsible for establishing and implementing procedures in respect of complaints and submissions relating to accounting matters and the approval of non-audit services by the external auditors, and administered by the Company's Whistleblower Policy.

Further information regarding the Company's Audit Committee is contained in the Company's current annual information form, under the heading "Audit Committee". A copy of the Audit Committee charter is attached to the annual information form as Appendix "A". The Company's annual information form is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Securities Authorized for Issuance Under Equity Compensation Plans**

The following table provides details of compensation plans under which equity securities of the Company are authorized for issuance as of December 31, 2015. A description of the significant terms of each of the equity compensation plans of the Company follows the table below:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options and Rights	Weighted-Average Exercise Price of Outstanding Options and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans <sup>(1)(2)</sup>
Equity compensation plans approved by securityholders	11,035,000 options 1,070,000 RSUs 0 SIP Awards	\$0.84/option \$1.04/RSU N/A	9,411,370
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	11,035,000 options <sup>(3)</sup> 1,070,000 RSUs <sup>(3)</sup> 0 SIP Awards <sup>(3)</sup>	\$0.84/option \$1.04/RSU N/A	9,411,370 <sup>(4)</sup>

- (1) Based on the maximum number of Common Shares that were available for issuance under the Stock Option Plan, the RSU Plan and the DGL Share Incentive Plan as at December 31, 2015 of 21,516,370 (which maximum reserve is based on 10% of the number of issued and outstanding Common Shares as at December 31, 2015 of 215,163,700).
- (2) The aggregate number of Common Shares that may be reserved for issuance under the Stock Option Plan, the RSU Plan and the DGL Share Incentive Plan shall not exceed 10% of the issued and outstanding Common Shares from time to time.
- (3) As at the date hereof, there are 8,785,000 options outstanding, 1,070,000 RSUs outstanding and nil SIP Awards outstanding.
- (4) As at the date hereof, the maximum number of Common Shares that are available for issuance under the Stock Option Plan and the RSU Plan is 21,673,461 (which maximum reserve is based on 10% of the number of issued and outstanding Common Shares as at the date hereof of 216,734,609). As such, the number of securities remaining available for future issuance under equity compensation plans is 11,818,461.

### **Stock Option Plan**

The Stock Option Plan was initially approved by the Board on April 7, 2010, and most recently approved by the shareholders on June 27, 2013. The Stock Option Plan was subsequently amended on May 26, 2014, pursuant to Board approval, to introduce a “cashless exercise” provision and to impose a requirement to obtain shareholder approval for any re-pricing of outstanding options granted thereunder. The Stock Option Plan was further amended on May 13, 2016 pursuant to Board approval to (i) amend the “cashless exercise” provision with respect to withholding tax obligations, (ii) amend the definition of “market price”, and (iii) impose limits on the grant of options and all securities granted under all security based compensation arrangements to non-employee directors within a one-year period, subject to certain exceptions.

In accordance with the requirements of the TSX, the Company is seeking to renew the Stock Option Plan at the Meeting. See “Approval of the Stock Option Plan and Unallocated Options” above. A copy of the Stock Option Plan is attached hereto as Appendix “B” and is also available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Stock Option Plan allows for the grant of incentive stock options to the Company’s employees, directors and consultants. The maximum number of Common Shares that may be issued pursuant to the exercise of options granted under the Stock Option Plan and all other securities under other security-based compensation arrangements of the Company cannot exceed 10% of the issued and outstanding Common Shares at the time of the grant of any option. Options granted under the Stock Option Plan are non-assignable and will have an exercise price determined by the Board at the time the option is granted, but, in any event, shall not be less than the closing price of the Common Shares on the TSX or any other stock exchange on which the Shares are listed on the trading day immediately preceding the date of the grant of the option. The options will be exercisable for a period not to exceed five years from the date the option is granted, provided that if the expiry date falls within, or within two days of a trading blackout period imposed by the Company, the expiry date of such options shall be automatically extended to the 10<sup>th</sup> business day following the end of such trading blackout period.

The aggregate number of Common Shares reserved for issuance pursuant to the Stock Option Plan and all other security-based compensation arrangements of the Company granted to insiders, at any time, shall not

exceed 10% of the total number of Common Shares then outstanding. The aggregate number of options that may be granted pursuant to the Stock Option Plan and all other security based compensation arrangements of the Company to insiders, within a one-year period, shall not exceed 10% of the total number of Common Shares then outstanding. The aggregate number of options granted to any one non-employee director within a one-year period shall not exceed a maximum value of \$100,000, and in the case of all securities granted under security based compensation arrangements within a one-year period shall not exceed a maximum value of \$150,000; provided that such maximums shall not apply in the case of (i) a one-time grant with a maximum value of \$150,000 upon the individual becoming a member of the Board or (ii) issuances pursuant to certain "acceptable equity awards" (as defined in the Stock Option Plan).

If an optionee ceases to be an employee, director or consultant of the Company, other than as a result of termination for cause, or ceases to act as a director, any option held by such optionee at the effective date thereof shall be exercisable only to the extent that the optionee is entitled to exercise the option and only for 90 days thereafter (or such longer period as may be prescribed by law) or prior to the expiration of the option period in respect thereof, whichever is sooner, subject to the Board determining otherwise. In the case of an optionee being dismissed from employment or service for cause, the option shall immediately terminate and shall no longer be exercisable as of the date of such dismissal. In the event of death of an optionee, options are exercisable by the estate for 12 months.

The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Stock Option Plan:

- (i) any amendment to the number of securities issuable under the Stock Option Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
- (ii) any increase to the limits imposed on non-employee directors;
- (iii) any change to the definition of "participants" that would have the potential of narrowing or broadening or increasing insider participation;
- (iv) the addition of any form of financial assistance;
- (v) any amendment to a financial assistance provision that is more favourable to participants;
- (vi) any revision to the exercise price of outstanding options;
- (vii) the addition of deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Company; and
- (viii) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to participants, especially to insiders of the Company, at the expense of the Company and its existing shareholders.

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

- (i) amendments of a housekeeping nature;
- (ii) the addition of or a change to vesting provisions of a security or the Stock Option Plan;

- (iii) a change to the termination provisions of a security or the Stock Option Plan that does not entail an extension beyond the original expiry date; and
- (iv) the addition or amendment of a cashless exercise feature, payable in cash or securities.

As at the date hereof, an aggregate of 8,785,000 options were outstanding and governed by the Stock Option Plan.

### **RSU Plan**

The RSU Plan was approved by the Board on May 14, 2012 and most recently approved by shareholders on June 23, 2015. The RSU Plan was subsequently amended on May 13, 2016, pursuant to Board approval, to (i) provide for an extension during which vesting can occur during a “black out” period, and (ii) to permit for the satisfaction of RSUs in cash (if requested by the RSU holder and agreed to by the Corporation). The RSU Plan provides that RSUs may be granted by the Board to employees, officers, directors and consultants of the Company as a discretionary payment in consideration of past or future services to the Company. A copy of the RSU Plan is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The number of RSUs awarded are credited to the participant’s account effective on the grant date of the RSUs. An RSU represents a right to receive (i) one Common Share issued from treasury, or (ii) a Cash Amount (determined with reference to the 5-day volume weighted average trading price of a Common Share prior to the relevant date), without payment of additional consideration, on the later of: (i) the date which is the first day after a Restricted Period as determined by the Board; and (ii) a date determined by an eligible participant that is after the Restricted Period but is no later than a Deferred Payment Date. At the time of grant, the Board may also make the RSUs subject to performance conditions to be achieved by the Company, the participant or a class of participants, within the Restricted Period, in order for such RSUs to entitle the participants to receive the underlying Common Shares or the Cash Amount. Participants, who are residents of Canada, seeking to set a Deferred Payment Date may do so by giving the Company at least 60 days’ notice prior to the expiration of the Restricted Period.

The maximum number of Common Shares to be reserved for issuance under the RSU Plan and all other security-based compensation arrangements of the Company cannot exceed 10% of the issued and outstanding Common Shares from time to time. The maximum number of Common Shares issuable to insiders, at any time, pursuant to the RSU Plan and any other security-based compensation arrangements of the Company 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 Company is 10% of the total number of Common Shares then outstanding.

RSUs are not assignable. In the event of a participant’s retirement or termination during a Restricted Period (unless it falls during a black out period), any RSUs automatically terminate, unless otherwise determined by the Board. If a participant’s retirement or termination occurs after the Restricted Period and prior to any Deferred Payment Date, any RSUs shall be settled by the Company issuing the applicable Common Shares or paying the Cash Amount. In the event of a participant’s death or total disability, any RSUs shall immediately vest and be settled by the Company issuing the applicable Common Shares or paying the Cash Amount for the redemption of each RSU.

The Board shall have the discretion to pay a participant who holds RSUs a cash amount equal to any cash dividends that would apply on Common Shares underlying RSUs at the time such dividends are paid to holders of the Common Shares.

In the event of a change of control of the Company (as defined in the RSU Plan), all RSUs shall immediately vest and be redeemed forthwith by the Company either issuing a Common Share or paying the Cash Amount for each RSU notwithstanding the Restricted Period and any applicable Deferred Payment Date.

In the event that any Restricted Period would otherwise expire during, or Deferred Payment Date would fall within, a blackout period imposed by the Company, such Restricted Period or Deferred Payment Date, as the case may be, will be automatically extended to the 10th day business day immediately following the end of the blackout period.

The Board may from time to time in its absolute discretion, without shareholder approval, amend, modify and change the provisions of the RSU Plan, including, without limitation:

- (i) amendments of a housekeeping nature; and
- (ii) a change to the Restricted Period of any RSU.

However, other than as set out above, any amendment, modification or change to the provisions of the RSU Plan which would:

- (i) materially increase the benefits of the holder under the RSU Plan to the detriment of the Company and its shareholders;
- (ii) increase the number of Common Shares or maximum percentage, other than by virtue of the adjustment provisions and of the RSU Plan, which may be issued pursuant to the RSU Plan;
- (iii) reduce the range of amendments requiring shareholder approval contemplated under the RSU Plan;
- (iv) change the insider participation limits which would result in shareholder approval to be required on a disinterested basis;
- (v) permit RSUs to be transferred other than for normal estate settlement purposes; or
- (vi) materially modify the requirements as to eligibility for participation in the RSU Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Company. Any amendment, modification or change of any provision of the RSU Plan shall be subject to approval, if required, by any regulatory authority having jurisdiction over the securities of the Company.

As at the date hereof, an aggregate of 1,070,000 RSUs were outstanding and governed by the RSU Plan.

### **DGL Share Incentive Plan**

The DGL Share Incentive Plan was approved by the Board on May 11, 2015 and approved by shareholders on June 23, 2015. The DGL Share Incentive Plan was implemented to provide the ability for certain United Kingdom employees to acquire Common Shares in a manner that may provide certain tax-advantages to such employees. The following is a summary of the some of the key terms of the DGL Share Incentive Plan which is qualified in its entirety by the full text of the plan. A copy of the DGL Share Incentive Plan is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The DGL Share Incentive Plan allows for the grant of certain awards to: (a) United Kingdom tax resident employees of DGL who are employed by DGL (or one of its participating subsidiaries), and (b) other employees of DGL (or one of its participating subsidiaries). The DGL Share Incentive Plan is operated through a share incentive plan trust, which purchases Common Shares in the secondary market or subscribes for Common Shares issued by the Company from treasury (in each case, the "Plan Shares") that are purchased on behalf of or awarded to, as applicable, eligible employees. While eligible employees are the beneficial owners of the Plan Shares on day one, such Plan Shares are then held in a trust for a certain number of years. After that time, provided that they remain employed by the group (as defined below), participants may continue to hold their Plan Shares in the share incentive plan trust until they decide



to sell such Plan Shares and incur capital gains tax benefits. If a participant leaves employment with the group, the Plan Shares are withdrawn from the share incentive plan trust early and, in certain circumstances, DGL may decide that Free Shares (as defined below) or Matching Shares (as defined below) shall be forfeited or Partnership Shares (as defined below) or Dividend Shares (as defined below) may be required to be compulsorily sold. In certain corporate circumstances, participants may be permitted to withdraw their Plan Shares from the trust early.

Each time that the board of directors of DGL (the “**DGL Board**”) decides to operate the DGL Share Incentive Plan, all United Kingdom resident tax-paying employees must be offered the opportunity to participate. Employees invited to participate must have completed a minimum qualifying period of employment (which cannot be more than 18 months, or in certain circumstances, six months) before they can participate.

Under the DGL Share Incentive Plan, the following types of awards can be granted to eligible employees:

- (a) *Free Shares.* Up to £3,600 worth of Common Shares (“**Free Shares**”) per year may be given to eligible employees and held by the trustees under the terms of the DGL Share Incentive Plan.

Free Shares must be awarded on the same terms to each eligible employee, but the number of Free Shares awarded can be determined by reference to the eligible employee’s remuneration, length of service, number of hours worked and/or objective performance criteria. The award of Free Shares can, if DGL so chooses, be subject to the satisfaction of a pre-award performance target which measures the objective success of the individual, team, division or business.

- (b) *Partnership Shares.* Eligible employees are provided with the opportunity to purchase Common Shares (“**Partnership Shares**”) with a value of up to the lower of £1,800 and 10% of the eligible employee’s pre-tax salary each year, which are held by the trustees under the terms of the DGL Share Incentive Plan.

Once acquired, Partnership Shares may be withdrawn from the DGL Share Incentive Plan by participants at any time and will not be capable of forfeiture; although participants may be required to offer their Partnership Shares for sale if they leave the group other than for a Good Leaver Reason (as defined below).

- (c) *Matching Shares.* Up to two Common Shares (“**Matching Shares**”) for each Partnership Share purchased may be given to eligible employees and held by the trustees under the terms of the DGL Share Incentive Plan. If awarded, Matching Shares must be awarded on the same basis to all eligible employees.

- (d) *Dividend Shares.* Participants may be allowed or required to reinvest any dividends received on their Plan Shares in an unlimited number of Common Shares (“**Dividend Shares**”) each year, which are held by the trustees under the terms of the DGL Share Incentive Plan.

Once acquired, Dividend Shares will not be capable of forfeiture; although participants may be required to offer their Dividend Shares for sale if they leave the group other than for a Good Leaver Reason.

The limits set out above are the current limits under the applicable United Kingdom share incentive plan legislation. The DGL Board may determine that different limits shall apply in the future, should relevant legislation change in this respect.

Subject to certain exceptions and requirements (including in some cases, payment of tax and social security contributions), participants may withdraw Plan Shares from the trust as follows:

- Free Shares and Matching Shares can be transferred after the date determined by the directors of DGL (which date will be no earlier than the third anniversary and no later than the fifth anniversary of the grant date);
- Partnership Shares can be transferred at any time; and

- Dividend Shares can be transferred after the third anniversary of the grant date.

The subscription price for Plan Shares subscribed for by participants and issued by the Company from treasury will be determined by the Board at the time of issuance, provided that the subscription price per Plan Share shall not be less than the closing price of a Common Share on the TSX on the trading day immediately preceding the date of issuance. For greater certainty, the price paid for any Partnership Shares or Dividend Shares is set by UK legislation and any shortfall will be funded by DGL or the relevant subsidiary.

The maximum number of Common Shares that may be issued by the Company pursuant to the DGL Share Incentive Plan and pursuant to the vesting or exercise (as applicable) of all other securities under other security-based compensation arrangements of the Company cannot exceed 10% of the issued and outstanding Common Shares at the time of grant.

The aggregate number of Common Shares issuable pursuant to the DGL Share Incentive Plan to eligible employees and issuable pursuant to all other security-based compensation arrangements of the Company to Insiders (as defined below), at any time, shall not exceed 10% of the total number of Common Shares then outstanding. The aggregate number of Common Shares issued pursuant to the DGL Share Incentive Plan to eligible employees and issued pursuant to all other security-based compensation arrangements of the Company to Insiders, within a one-year period, shall not exceed 10% of the total number of Common Shares then outstanding.

If a participant ceases to be employed by the Company or any of its subsidiaries (the “**group**”), any Free Shares and Matching Shares that are not forfeited, and any Partnership Shares and Dividend Shares which are not compulsorily sold, will be immediately withdrawn from the DGL Share Incentive Plan. If a participant ceases to be employed by the group after the Tax Free Date (as defined below) or before the Tax Free Date for a Good Leaver Reason, any Free Shares, Partnership Shares, Matching Shares and Dividend Shares will be transferred to the participant. If a participant ceases to be employed by the group before the Tax Free Date other than for a Good Leaver Reason, Plan Shares will be dealt with in accordance with the DGL Share Incentive Plan, which will include the removal of the Plan Shares from the trust (and which may include forfeiture, compulsory sale, or the payment of tax and social security contributions).

For the purposes of this summary of the DGL Share Incentive Plan:

“**Good Leaver Reason**” means any (1) injury, disability, redundancy, (2) transfer to which the United Kingdom *Transfer of Undertakings (Protection of Employment) Regulations 2006* applies, (3) change of control or other circumstances ending the ‘associated company’ status of the company by which the eligible employee is employed, (4) retirement in accordance with DGL’s normal retirement policies, or (5) death.

“**Insider**” means a participant who is defined as an “insider” of the Company under the Canadian National Instrument 55-101 – *Insider Reporting Exemptions* and subject to the insider reporting requirements of the Canadian National Instrument 55-101 – *Insider Reporting Exemptions*.

“**Tax Free Date**” means (1) in relation to Free Shares, Partnership Shares and Matching Shares, the fifth anniversary of the acquisition date, and (2) in relation to Dividend Shares, the third anniversary of the acquisition date.

In the event of a general offer being made to shareholders (or a similar take-over event taking place during a holding period), participants will be able to direct the trustee as to how to act in relation to their Plan Shares. In the event of a corporate re-organisation, any Plan Shares held by participants may be replaced by equivalent shares in a new holding company.

Subject to the agreement of the trustees, and to the provisions below, the directors of DGL may in their discretion, amend the DGL Share Incentive Plan, except if such amendment would cause the DGL Share Incentive Plan to cease to be an employees’ share scheme as defined in section 1166 of the United Kingdom *Companies Act 2006* or infringe the rule against perpetuities. Where any amendment is to the material advantage of participants (present or future), it will not be effective unless it is:

- (i) made with the prior approval of an ordinary resolution of the shareholders of the Company;
- (ii) a minor amendment which the directors of DGL consider necessary or desirable in order to benefit the administration of the DGL Share Incentive Plan; or
- (iii) an amendment which the directors of DGL consider necessary or desirable to take account or advantage of a change in Schedule 2 to the United Kingdom *Income Tax (Earnings and Pensions) Act 2003*, or any other legislation or to obtain or maintain favourable tax, exchange control, or regulatory treatment for participants (present or future) or any subsidiary of DGL participating in the DGL Share Incentive Plan.

No amendment which purports to enlarge the obligations or restrict the rights of any participant in respect of Plan Shares already granted to him or her will be effective. Any amendment to the DGL Share Incentive Plan is subject to applicable regulatory approval, including any requisite approval of the TSX or any approval of the shareholders of the Company required by the TSX listing rules from time to time. Any amendment to the key features of the DGL Share Incentive Plan (being provisions necessary to meet the requirements of the relevant tax legislation) must be reported to the United Kingdom HM Revenue & Customs.

As at the date hereof, no Plan Shares have been issued under the DGL Share Incentive Plan.

#### **Indebtedness of Directors and Executive Officers**

None of the Company's directors or executive officers, nor any associate of such director or executive officer is as at the date hereof, or has been, during the financial year ended December 31, 2015, indebted to the Company or any of its subsidiaries in connection with a purchase of securities or otherwise. In addition, no indebtedness of these individuals to another entity has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding of the Company or any of its subsidiaries.

#### **Interest of Informed Persons in Material Transactions**

Other than as disclosed elsewhere herein, no informed person (within the meaning of National Instrument 51-102 – *Continuous Disclosure Obligations*) of the Company, nominee for election as a director of the Company, or any associate or affiliate of an informed person or nominee, has or had any material interest, direct or indirect, in any transaction since January 1, 2015 or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

#### **Additional Information**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Company's comparative financial statements and management's discussion and analysis for the financial year ended December 31, 2015, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.dalradian.com](http://www.dalradian.com). Shareholders may also request these documents from the Company by phone at (416) 583-5600 or by e-mail at [info@dalradian.com](mailto:info@dalradian.com).

**Directors' Approval**

The contents of this management information circular and the sending thereof to the shareholders of the Company have been approved by the Board.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(signed) "Patrick F.N. Anderson"* \_\_\_\_\_

Patrick F.N. Anderson

Chairman and Chief Executive Officer

Toronto, Ontario  
May 13, 2016

## APPENDIX "A"

### DALRADIAN RESOURCES INC. MANDATE OF THE BOARD OF DIRECTORS

#### 1. PURPOSE

The Board of Directors (the "**Board**") of Dalradian Resources Inc. (the "**Corporation**") assumes responsibility for the stewardship of the Corporation.

#### 2. RESPONSIBILITIES

As an integral part of that stewardship, the Board has responsibility for the following matters (either itself, or through duly appointed and constituted committees of the Board in accordance with applicable laws):

- a) The Board has primary responsibility for the development and adoption of the strategic direction of the Corporation. The Board reviews with management from time to time the financing environment (including, without limitation, precious metals prices, the relative demand for the Corporation's shares, and the Corporation's needs for and opportunities to raise capital), the emergence of new opportunities, trends and risks and the implications of these developments for the strategic direction of the Corporation. The Board reviews and approves the Corporation's financial objectives, plans and actions, including significant capital allocations and expenditures.
- b) The Board monitors corporate performance, including assessing operating results to evaluate whether the business is being properly managed.
- c) The Board identifies the principal business risks of the Corporation and ensures that there are appropriate systems put in place to manage these risks.
- d) The Board monitors and ensures the integrity of the internal controls and procedures (including adequate management information systems) within the Corporation and the financial reporting procedures of the Corporation.
- e) The Board is responsible for ensuring appropriate standards of corporate conduct including, adopting a code of business conduct and ethics for all employees, senior management, officers and directors, and monitoring compliance with such code, if appropriate.
- f) The Board is responsible for the review of quarterly and annual financial statements, management's discussion and analysis related to such financial statements, and forecasts.
- g) The Board is responsible for establishing and reviewing from time to time a dividend policy for the Corporation.
- h) The Board is responsible for reviewing the compensation of members of the Board to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director and for reviewing the compensation of members of the senior management team to ensure that they are competitive within the industry and that the form of compensation aligns the interests of each such individual with those of the Corporation.
- i) The Board reviews and approves material transactions not in the ordinary course of business.
- j) The Board reviews and approves the budget on an annual basis, including the spending limits and authorizations, as recommended by the Audit Committee.

- k) The Board ensures that there is in place appropriate succession planning, including the appointment, training and monitoring of senior management and members of the Board.
- l) The Board is responsible for assessing its own effectiveness in fulfilling its mandate and evaluating the relevant disclosed relationships of each independent director.
- m) The Board approves a disclosure policy that includes a framework for investor relations and a public disclosure policy.
- n) The Board is responsible for satisfying itself as to the integrity of the chief executive officer (the “**CEO**”) and other senior officers of the Corporation and that the CEO and other senior officers create a culture of integrity throughout the organization. The Board is responsible for developing and approving goals and objectives which the CEO is responsible for meeting.
- o) The Board is responsible for developing the Corporation’s approach to corporate governance principles and guidelines that are specifically applicable to the Corporation.
- p) The Board is responsible for performing such other functions as prescribed by law or assigned to the Board in the Corporation’s governing documents.
- q) Set forth below are procedures relating to the Board’s operations:
- i) Size of Board and selection process.
- (A) The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. The Board will determine a slate of nominees to the shareholders for election based upon the following considerations and such other factors the Board considers relevant:
- the competencies and skills which the Board as a whole should possess;
  - the competencies and skills which each existing director possesses; and
  - the appropriate size of the Board to facilitate effective decision-making.
- (B) Any shareholder may propose a nominee for election to the Board either by means of a shareholder proposal upon compliance with the requirements of the Business Corporations Act (Ontario) (“**OBCA**”) and the Corporation’s by-laws or at the annual meeting in compliance with the requirements of the OBCA and the Corporation’s by-laws.
- (C) The Board also recommends the number of directors on the Board to shareholders for approval, subject to compliance with the requirements of the OBCA and the Corporation’s by-laws.
- (D) Between annual meetings, the Board may appoint directors to serve until the next annual meeting, subject to compliance with the requirements of the OBCA.
- (E) Individual Board members are responsible for assisting the Board in identifying and recommending new nominees for election to the Board, as needed or appropriate.
- ii) Director orientation and continuing education – The Board, together with the Corporate Governance and Compensation Committee is responsible for providing

an orientation and education program for new directors which deals with the following matters and such other matters the Board considers relevant:

- (A) the role of the Board and its committees;
- (B) the nature and operation of the business of the Corporation; and
- (C) the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board together with the Corporate Governance and Compensation Committee is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Corporation remains current, at the request of any individual director.

- iii) Meetings – The Board has at least four scheduled meetings a year. The Board is responsible for its agenda. Prior to each Board meeting, the Chairman of the Board shall circulate an agenda to the Board. The Chairman of the Board shall discuss the agenda items for the meeting with the CEO and, if a lead director has been appointed, the lead director. Materials for each meeting will be distributed to directors in advance of the meetings. Directors are expected to attend at least 75% of all meetings of the Board held in a given year, and are expected to adequately review meeting materials in advance of all such meetings.

The independent directors or non-management directors may meet at the end of each Board meeting without management and non-independent directors present. The Chairman of the Board shall chair these meetings, unless the Chairman of the Board is not an independent director, in which case the lead director shall chair these meetings. If a lead director has not been appointed, the independent directors shall appoint a chairman to chair these meetings. The independent directors shall appoint a person to maintain minutes of the meeting or, if no person is so appointed, the chair of the meeting shall maintain minutes of the meeting.

- iv) Committees – The Board has established the following standing committees to assist the Board in discharging its responsibilities: the Audit Committee, the Corporate Governance and Compensation Committee, and the Safety, Health and Environmental Affairs Committee. Special committees are established from time to time to assist the Board in connection with specific matters. The Board will appoint the members of each committee and may appoint the chair of each committee annually following the Corporation's annual meeting of shareholders. The chair of each committee reports to the Board following meetings of the relevant committee. The terms of reference of each standing committee are reviewed annually by the Board.
- v) Evaluation – The Corporate Governance and Compensation Committee performs an annual evaluation of the effectiveness of the Board as a whole, the committees of the Board, and the contributions of individual directors.
- vi) Compensation – The Corporate Governance and Compensation Committee recommends to the Board the compensation and benefits for non-management directors and the senior management team. The Committee seeks to ensure that such compensation and benefits reflect the responsibilities and risks involved in being a non-management director of the Corporation or a member of the senior management team and align the interests of the non-management directors and the senior management team with the best interests of the Corporation.
- vii) Nomination – The Board and the individual directors from time to time, will identify and recommend new nominees as directors of the Corporation, based upon the following considerations:

- (A) the competencies and skills necessary for the Board as a whole to possess;
  - (B) the competencies and skills necessary for each individual director to possess;
  - (C) competencies and skills which each new nominee to the Board is expected to bring; and
  - (D) whether the proposed nominees to the Board will be able to devote sufficient time and resources to the Corporation.
- viii) Access to independent advisors – The Board may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Corporate Governance and Compensation Committee, retain an outside advisor at the expense of the Corporation.

### **3. LEAD DIRECTOR**

- a) The Board will appoint a Lead Director in circumstances in which the Chairman of the Board is not considered independent under applicable securities laws, in order to provide independent leadership to the Board and for the other purposes set forth below.
- b) The Corporate Governance and Compensation Committee will recommend a candidate for the position of Lead Director from among the independent members of the Board. The Board will be responsible for approving and appointing the Lead Director.
- c) The Lead Director will hold office at the pleasure of the Board, until a successor has been duly elected or appointed or until the Lead Director resigns or is otherwise removed from the office by the Board.
- d) The Lead Director will provide independent leadership to the Board and will facilitate the functioning of the Board independently of the Corporation's management. Together with the Chair of the Corporate Governance and Compensation Committee, the Lead Director will be responsible for overseeing the corporate governance practices of the Corporation.
- e) The Lead Director will:
  - i) in conjunction with the Chair of the Corporate Governance and Compensation Committee, provide leadership to ensure that the Board functions independently of management of the Corporation;
  - ii) chair meetings of independent directors or non-management directors held following Board meetings;
  - iii) in the absence of the Chairman, act as chair of meetings of the Board;
  - iv) recommend, where necessary, the holding of special meetings of the Board;
  - v) review with the Chairman and the CEO items of importance for consideration by Board;
  - vi) consult and meet with any or all of the Corporation's independent directors, at the discretion of either party and with or without the attendance of the Chairman, and represent such directors in discussions with management of the Corporation concerning corporate governance issues and other matters;
  - vii) together with the Chairman, ensure that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to supervise the management of the business and affairs of the Corporation,



and together with the Chairman and the CEO, formulate an agenda for each Board meeting;

- viii) together with the Chairman and the Chair of the Corporate Governance and Compensation Committee, ensure that the Board, committees of the Board, individual directors and senior management of the Corporation understand and discharge their duties and obligations under the approach to corporate governance adopted by the Board from time to time;
- ix) mentor and counsel new members of the Board to assist them in becoming active and effective directors;
- x) facilitate the process of conducting director evaluations;
- xi) promote best practices and high standards of corporate governance; and
- xii) perform such other duties and responsibilities as may be delegated to the Lead Director by the Board from time to time.

As at May 20, 2014.

## **Schedule "A"**

### **DALRADIAN RESOURCES INC.**

#### **POSITION DESCRIPTION FOR THE CHAIRMAN OF THE BOARD OF DIRECTORS**

##### **1. PURPOSE**

The Chairman of the Board shall be a director who is designated by the full Board to act as the leader of the Board.

##### **2. WHO MAY BE CHAIRMAN**

The Chairman will be selected amongst the directors of the Corporation who have a sufficient level of experience with corporate governance issues to ensure the leadership and effectiveness of the Board.

The Chairman will be selected annually at the first meeting of the Board following the annual general meeting of shareholders.

##### **3. RESPONSIBILITIES**

The following are the responsibilities of the Chairman. The Chairman may, where appropriate, delegate to or share with the Corporate Governance and Compensation Committee and/or any other independent committee of the Board, certain of these responsibilities:

- a) Chair all meetings of the Board in a manner that promotes meaningful discussion.
- b) Provide leadership to the Board to enhance the Board's effectiveness, including:
  - i) ensure that the responsibilities of the Board are well understood by both management and the Board;
  - ii) ensure that the Board works as a cohesive team with open communication;
  - iii) ensure that the resources available to the Board (in particular timely and relevant information) are adequate to support its work;
  - iv) together with the Corporate Governance and Compensation Committee, ensure that a process is in place by which the effectiveness of the Board and its committees (including size and composition) is assessed at least annually; and
  - v) together with the Corporate Governance and Compensation Committee, ensure that a process is in place by which the contribution of individual directors to the effectiveness of the Board is assessed at least annually.
- c) Manage the Board, including:
  - i) prepare the agenda of the Board meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - ii) adopt procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
  - iii) ensure meetings are appropriate in terms of frequency, length and content;
  - iv) ensure that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board;

- v) ensure that a succession planning process is in place to appoint senior members of management and directors when necessary;
  - vi) ensure procedures are established to identify, assess and recommend new nominees for appointment to the Board and its committees; and
  - vii) together with any special committee appointed for such purpose, approach potential candidates once potential candidates are identified, to explore their interest in joining the Board and proposing new nominees for appointment to the Board and its committees.
- d) If the Chairman is an independent director, the Chairman will:
- i) in conjunction with the Chair of the Corporate Governance and Compensation Committee, provide leadership to ensure that the Board functions independently of management of the Corporation;
  - ii) chair meetings of independent directors or non-management directors held following Board meetings;
  - iii) recommend, where necessary, the holding of special meetings of the Board;
  - iv) review with the CEO items of importance for consideration by Board;
  - v) consult and meet with any or all of the Corporation's independent directors, at the discretion of either party and represent such directors in discussions with management of the Corporation concerning corporate governance issues and other matters;
  - vi) ensure that all business required to come before the Board is brought before the Board, such that the Board is able to carry out all of its duties to supervise the management of the business and affairs of the Corporation, and together with the CEO, formulate an agenda for each Board meeting;
  - vii) together with the Chair of the Corporate Governance and Compensation Committee, ensure that the Board, committees of the Board, individual directors and senior management of the Corporation understand and discharge their duties and obligations under the approach to corporate governance adopted by the Board from time to time;
  - viii) mentor and counsel new members of the Board to assist them in becoming active and effective directors;
  - ix) facilitate the process of conducting director evaluations; and
  - x) promote best practices and high standards of corporate governance.
- e) act as liaison between the Board and management to ensure that relationships between the Board and management are conducted in a professional and constructive manner. This involves working with the Corporate Governance and Compensation Committee to ensure that the Corporation is building a healthy governance culture.
- f) at the request of the Board, represent the Corporation to external groups such as shareholders and other stakeholders, including community groups and governments.

As at May 20, 2014.

## **Schedule "B"**

### **DALRADIAN RESOURCES INC.**

#### **ROLE STATEMENT OF THE CEO**

1. The CEO's primary role is to take overall supervisory and managerial responsibility for the day to day operations of the Corporation's business and to manage the Corporation in an effective, efficient and forward-looking way and to fulfill the priorities, goals and objectives determined by the Board in the context of the Corporation's strategic plans, budgets and responsibilities set out below, with a view to the best interests of the Corporation. The CEO is responsible to the Board.
2. Without limiting the foregoing, the CEO is responsible for the following:
  - a) Develop and maintain the Corporation's goal to operate according to industry best practices.
  - b) Maintain and develop with the Board strategic plans for the Corporation and implement such plans to the best abilities of the Corporation.
  - c) Provide quality leadership to the Corporation's staff and ensure that the Corporation's human resources are managed properly.
  - d) Provide high-level policy options, orientations and discussions for consideration by the Board.
  - e) Together with any special committee appointed for such purpose, maintain existing and develop new strategic alliances and consider possible merger or acquisition transactions with other mining companies which will be constructive for the Corporation's business and will help enhance shareholder value.
  - f) Provide support, co-ordination and guidance to various responsible officers and managers of the Corporation.
  - g) Implement, oversee and guide the investor relations program for the Corporation, which shall, among other things, ensure communications between the Corporation and major stakeholders, including and most importantly the Corporation's shareholders, are managed in an optimum way and are done in accordance with applicable securities laws.
  - h) Provide timely strategic, operational and reporting information to the Board and implement its decisions in accordance with good governance, with the Corporation's policies and procedures, and within budget.
  - i) Act as an entrepreneur and innovator within the strategic goals of the Corporation.
  - j) Co-ordinate the preparation of an annual business plan or strategic plan.
  - k) Ensure appropriate governance skills development and resources are made available to the Board.
  - l) Provide a culture of high ethics throughout the organization.
  - m) Chair all meetings of the Corporation's shareholders;
  - n) Take primary responsibility for the administration of all of the Corporation's sub-areas and administrative practices.

As at May 20, 2014

## APPENDIX "B"

### DALRADIAN RESOURCES INC.

#### AMENDED INCENTIVE STOCK OPTION PLAN

##### ARTICLE I INTRODUCTION

###### 1.1 Purpose of Plan

The purpose of the Incentive Stock Option Plan is to secure for Dalradian Resources Inc. (the "**Company**") and its shareholders the benefits of incentives inherent in the share ownership by the directors, key employees and consultants of the Company and its Subsidiaries who, in the judgment of the board of directors of the Company, will be largely responsible for its future growth and success. It is generally recognized that a stock option plan of the nature provided for herein aids in retaining and encouraging employees and directors of exceptional ability because of the opportunity offered to them to acquire a proprietary interest in the Company.

###### 1.2 Definitions

- (a) "Acceptable Equity Awards" means any deferred share units or other equity awards that are granted to or taken by a non-employee director in place of cash fees, provided that the equity award granted has an initial value that is equal to the value of the cash fees given up in exchange therefor.
- (b) "Associate" has the meaning ascribed thereto in the Securities Act.
- (c) "Board" means the board of directors of the Company, or any committee of the board of directors to which the duties of the board of directors hereunder are delegated.
- (d) "Blackout Period" has the meaning ascribed thereto in Section 2.6.
- (e) "Cashless Exercise Right" has the meaning ascribed thereto in Section 2.7(b).
- (f) "Company" means Dalradian Resources Inc., a company duly incorporated under the laws of Ontario.
- (g) "Consultant" means a person providing consulting services to the Company or any of its Subsidiaries.
- (h) "Consultant Company" means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner.
- (i) "Director" means a director of the Company or any of its Subsidiaries.
- (j) "Eligible Person" means any Employee, Director or Consultant of the Company or any of its Subsidiaries.
- (k) "Exchange" means the Toronto Stock Exchange or any other stock exchange on which the Shares are listed.
- (l) "In-The-Money Amount" has the meaning ascribed thereto in Section 1.2(o).
- (m) "Insider" of the Company means a Participant who is defined as an "insider" of the Company under National Instrument 55-101 – Insider Reporting Exemptions and

subject to the insider reporting requirements of National Instrument 55-101 – Insider Reporting Exemptions.

- (n) "Market Price" means the closing price of the Shares on the Exchange, or another stock exchange where the majority of the trading volume and value of the Shares occurs, on the trading day immediately preceding the relevant date.
- (o) "Net Number of Shares" means in respect of Options in relation to which the Optionee has exercised its Cashless Exercise Right pursuant to Section 2.7(b), the number of Shares calculated in accordance with the following formula:

$$NN = \frac{\text{In-The-Money Amount}}{MP}$$

Where:

In-The-Money Amount is equal to  $(A \times MP) - (A \times EP)$

NN is the Net Number of Shares

A is the total number of Shares in respect of which the Optionee has surrendered Options pursuant to the Cashless Exercise Right

MP is the Market Price

EP is the exercise price

- (p) "non-employee director" means a director of the Company who is not also an officer of the Company;
- (q) "Option" means an option granted under the terms of the Plan.
- (r) "Option Commitment" means the notice of grant of an Option delivered by the Company hereunder to an Optionee and substantially in the form of Exhibit A hereto.
- (s) "Option Period" means the period during which an Option may be exercised.
- (t) "Optionee" means a Participant to whom an Option has been granted under the terms of the Plan.
- (u) "Participant" means, in respect of the Plan, an Optionee who elects to participate in the Plan.
- (v) "Plan" means this Incentive Stock Option Plan established and operated pursuant to Article II hereof.
- (w) "Securities Act" means the *Securities Act* (Ontario) amended from time to time.
- (x) "Share Compensation Arrangement" means the Plan described herein and any other security based compensation arrangements implemented by the Company including stock options, other stock option plans, employee stock purchase plans, share distribution plans, stock appreciation rights, restricted share unit plans, or any other compensation or incentive mechanism involving the issuance or potential issuance of Shares of the Company.
- (y) "Shares" means the common shares of the Company.

- (z) "Subsidiary" has the meaning ascribed thereto in the Securities Act.
- (aa) "Tax Act" means the *Income Tax Act* (Canada).
- (bb) "Tax Obligation" means the amount equal to the Company's applicable withholding obligation.

## ARTICLE II STOCK OPTION PLAN

### 2.1 Participation

Options to purchase Shares may be granted hereunder to Eligible Persons.

### 2.2 Determination of Option Recipients

The Board shall make all necessary or desirable determinations regarding the granting of Options to Eligible Persons and may take into consideration the present and potential contributions of a particular Eligible Person to the success of the Company and any other factors that it may deem proper and relevant.

### 2.3 Exercise Price

The exercise price per Share shall be determined by the Board at the time the Option is granted, but, in any event, shall not be less than the closing price of the Shares on the Exchange on the trading day immediately preceding the date of the grant of the Option.

### 2.4 Grant of Options

The Board may at any time authorize the granting of Options to such Eligible Persons as it may select for the number of Shares that it shall designate, subject to the provisions of the Plan. A director of the Company to whom an Option may be granted shall not participate in the decision of the Board to grant such Option. The date of each grant of Options shall be determined by the Board when the grant is authorized.

### 2.5 Option Commitment

Each Option granted to an Optionee shall be evidenced by an Option Commitment detailing the terms of the Option and upon delivery of the Option Commitment to the Optionee by the Company the Optionee shall have the right to purchase the Shares underlying the Option at the exercise price set out therein, subject to any provisions as to the vesting of the Option.

### 2.6 Terms of Options

The periods within which Options may be exercised and the number of Shares which may be issuable upon the exercise of Options in any such period shall be determined by the Board at the time of granting the Options provided, however, that all Options must be exercisable during a period not extending beyond five years from the date of the Option grant.

Notwithstanding the foregoing, in the event that the expiry of an Option Period falls within, or within two (2) days of, a trading blackout period imposed by the Company (the "**Blackout Period**"), the expiry date of such Option Period shall be automatically extended to the 10<sup>th</sup> business day following the end of the Blackout Period.

### 2.7 Exercise of Option

(a) Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Company of a written notice of exercise specifying the number of

Shares with respect to which the Option is being exercised and accompanied by payment in full of the exercise price of the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment.

(b) Notwithstanding anything to the contrary contained herein, in lieu of exercising the Option pursuant to Section 2.7(a) above, the Optionee shall have the right (the "Cashless Exercise Right") (but not the obligation), at any time and from time to time during the term of an Option, by indicating same in the written notice of exercise, to surrender all or part of the Option to the Company in consideration of a payment of the In-The-Money Amount.

- (i) The Optionee may elect to have the Company satisfy the payment of the In-The-Money Amount by delivering to the Optionee the Net Number of Shares; or
- (ii) The Optionee may request, which request may be accepted or rejected by the Company in its sole discretion, that the In-The-Money Amount be satisfied by the Company withholding and remitting the Tax Obligation to the applicable governmental authorities on behalf of the Optionee, and delivering to the Optionee:
  - (A) the Net Number of Shares, less
  - (B) such number of Shares as is equal to the Tax Obligation divided by the Market Price

In the event the Company does not accept the Optionee's request in Section 2.7(b)(ii) above, the In-The-Money Amount will be satisfied in accordance with Section 2.7(b)(i).

Upon exercise by an Optionee of the Cashless Exercise Right, the Company shall deliver to the Optionee certificates for the Shares pursuant to Section 2.7(b)(i) or Section 2.7(b)(ii), as applicable, within a reasonable time following the receipt of such notice and, where the Optionee is subject to the Tax Act in respect of the Option, the Company shall make the election provided for in subsection 110(1.1) of the Tax Act.

## 2.8 Vesting

Options granted pursuant to the Plan shall vest and become exercisable by an Optionee at such time or times as may be determined by the Board.

## 2.9 Lapsed Options

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

## 2.10 Death of Optionee

If an Optionee ceases to be an Eligible Person due to death, any Option held by it at the date of death shall be exercisable by the Optionee's legal heirs or personal representatives. All such Options shall be exercisable only to the extent that the Optionee was entitled to exercise the Option at the date of death and only for 12 months after the date of death or prior to the expiration of the Option Period in respect thereof, whichever is sooner, subject to the Board determining otherwise.



## 2.11 Termination of Employment

If an Optionee ceases to be an Eligible Person, other than as a result of termination with cause, or ceases to act as a Director, any Option held by such Optionee at the effective date thereof shall be exercisable only to the extent that the Optionee is entitled to exercise the Option and only for 90 days thereafter (or such longer period as may be prescribed by law) or prior to the expiration of the Option Period in respect thereof, whichever is sooner, subject to the Board determining otherwise. In the case of an Optionee being dismissed from employment or service for cause, the Option shall immediately terminate and shall no longer be exercisable as of the date of such dismissal.

## 2.12 Effect of Take-Over Bid

If a bona fide offer (the "**Offer**") for Shares is made to the Optionee or to shareholders generally or to a class of shareholders that includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror (the "**Offeror**") exercising control over the Company within the meaning of the Securities Act, then the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of the full particulars of the Offer. The Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, such Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the "**Optioned Shares**") pursuant to the Offer. If:

- (a) the Offer is not complied with within the time specified therein;
- (b) the Optionee does not tender the Optioned Shares pursuant to the Offer; or
- (c) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the Offeror in respect thereof;

then at the discretion of the Board, the Optioned Shares or, in the case of clause (c) above, the Optioned Shares that are not taken up and paid for, shall be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and the terms of the Option as set forth in this Plan and the Option Commitment shall again apply to the Option. If any Optioned Shares are returned to the Company under this Section, the Company shall refund the exercise price to the Optionee for such Optioned Shares.

## 2.13 Effect of Reorganization, Amalgamation, Merger, etc.

If there is a consolidation, reorganization, merger, amalgamation or statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a transfer of all or substantially all of the assets of the Company to another entity, the Board will have the sole discretion to amend, abridge or otherwise eliminate any vesting schedule so that notwithstanding the other terms of this Plan, such Option may be exercised in whole or in part by the Optionee and at the discretion of the Board, upon the exercise of an Option under the Plan, the holder thereof shall be entitled to receive any securities, property or cash which the Optionee would have received upon such consolidation, reorganization, merger, amalgamation, statutory amalgamation or arrangement, separation or transfer if the Optionee had exercised his Option immediately prior to the applicable record date or event, as applicable, and the exercise price shall be adjusted as applicable by the Board, unless the Board otherwise determines the basis upon which such Option shall be exercisable, and any such adjustments shall be binding for all purposes of the Plan.

## 2.14 Adjustment in Shares Subject to the Plan

If there is any change in the Shares through or by means of a declaration of stock dividends of Shares or consolidations, subdivisions or reclassifications of Shares, or otherwise, the number of Shares subject to any Option, and the exercise price thereof and the maximum number

of Shares that may be issued under the Plan in accordance with Section 3.1 (a) shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of the Plan. An adjustment under Section 2.13 or 2.14 (the "**Adjustment Provisions**") will take effect at the time of the event that gives rise to the adjustment, and the Adjustment Provisions are cumulative. The Company will not be required to issue fractional Shares in satisfaction of its obligations hereunder. Any fractional interest in a Share that would, except for this provision, be deliverable upon the exercise of an Option will be cancelled and not be deliverable by the Company. If any questions arise at any time with respect to the exercise price or number of Shares deliverable upon exercise of an Option in connection with any of the events set out in Sections 2.12, 2.13 or 2.14, such questions will be conclusively determined by the Company's auditors, or, if they decline to so act, any other firm of Chartered Accountants that the Company may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

### **ARTICLE III GENERAL**

#### 3.1 Maximum Number of Shares

- (a) The aggregate number of Shares reserved for issuance pursuant to this Plan to all Participants shall not exceed 10% of the issued and outstanding Shares at the time of grant.
- (b) The aggregate number of Shares reserved for issuance pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders shall not exceed 10% of the Shares outstanding from time to time.
- (c) The aggregate number of Options that may be granted pursuant to this Plan or any other Share Compensation Arrangement (pre-existing or otherwise) to Insiders within a one-year period shall not exceed 10% of the Shares outstanding from time to time.
- (d) The aggregate number of securities granted under all Share Compensation Arrangements (pre-existing or otherwise) to any one non-employee director within any one-year period shall not exceed a maximum value of:
  - (i) in the case of Options granted under this Plan, C\$100,000 worth of Options; and
  - (ii) in the case of securities granted under all Share Compensation Arrangements (pre-existing or otherwise), C\$150,000 worth of securities.

The value of Options or other securities granted under all Share Compensation Arrangements (pre-existing or otherwise) shall be determined using a generally accepted valuation model.

- (e) For the purposes of Section 3.1(d), the aggregate number of securities granted under all Share Compensation Arrangements (pre-existing or otherwise) 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 Company, upon such person becoming or agreeing to become a director of the Company. However, the aggregate number of securities granted under all Share Compensation Arrangements (pre-existing or otherwise) in this initial grant to any one non-employee director shall not exceed a maximum value of C\$150,000 worth of securities;

- (ii) the securities granted under the Share Compensation Arrangements (pre-existing or otherwise) to a director who was also an officer of the Company at the time of grant but who subsequently became a non-employee director; and
- (iii) securities granted under Acceptable Equity Awards.

### 3.2 Transferability

Options are not assignable or transferable other than by will or by the applicable laws of descent. During the lifetime of an Optionee, all Options may only be exercised by the Optionee.

### 3.3 Employment

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with the Company or any Subsidiary, or interfere in any way with the right of the Company, or any Subsidiary, to terminate the Optionee's employment at any time. Participation in the Plan by an Optionee is voluntary.

### 3.4 No Shareholder Rights

An Optionee shall not have any rights as a shareholder of the Company with respect to any of the Shares covered by an Option until the Optionee exercises such Option in accordance with the terms of the Plan and the issuance of the Shares by the Company.

### 3.5 Record Keeping

The Company shall maintain a register in which shall be recorded the name and address of each Optionee, the number of Options granted to an Optionee, the details thereof and the number of Options outstanding.

### 3.6 Necessary Approvals

The Plan shall be effective only upon the approval of both the Board and the shareholders of the Company by ordinary resolution. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchanges on which the Shares are listed for trading that may be required in connection with the authorization, issuance or sale of such Shares by the Company. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any exercise price paid by an Optionee to the Company shall be returned to the Optionee.

### 3.7 Administration of the Plan

The Board is authorized to interpret the Plan from time to time and to adopt, amend and rescind rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

### 3.8 Taxes

The Company shall have the power and the right to deduct or withhold, or require an Optionee to remit to the Company, the required amount to satisfy federal, provincial and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of the Plan, including the grant or exercise of any Option granted under the Plan. With respect to any required withholding, the Company shall have the irrevocable right to, and

the Optionee consents to, the Company setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Company to the Optionee (whether arising pursuant to the Optionee's relationship as a director, officer, employee or consultant of the Company or otherwise), or may make such other arrangements that are satisfactory to the Optionee and the Company. In addition, the Company may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Shares issuable upon exercise of the Options as it determines are required to be sold by the Company, as trustee, to satisfy any withholding obligations net of selling costs. The Optionee consents to such sale and grants to the Company an irrevocable power of attorney to effect the sale of such Shares issuable upon exercise of the Options and acknowledges and agrees that the Company does not accept responsibility for the price obtained on the sale of such Shares issuable upon exercise of the Options.

### 3.9 Amendment, Modification or Termination of Plan

Subject to the requisite shareholder and regulatory approvals set forth under subparagraphs 3.9 (a) and (b) below, the Board may, from time to time, amend or revise the terms of the Plan or may discontinue the Plan at any time provided however that no such right may, without the consent of the Optionee, in any manner adversely affect his rights under any Option theretofore granted under the Plan.

(a) The Board may, subject to receipt of requisite shareholder and regulatory approval, make the following amendments to the Plan:

- (i) any amendment to the number of securities issuable under the Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
- (ii) any increase to the limits imposed on non-employee directors in Section 3.1(d) or 3.1(e);
- (iii) any change to the definition of "Participants" that would have the potential of narrowing or broadening or increasing insider participation;
- (iv) the addition of any form of financial assistance;
- (v) any amendment to a financial assistance provision that is more favourable to Participants;
- (vi) any revision to the exercise price of outstanding Options;
- (vii) the addition of deferred or restricted share unit or any other provision which results in Participants receiving securities while no cash consideration is received by the Company; and
- (viii) any other amendments that may lead to significant or unreasonable dilution in the Company's outstanding securities or may provide additional benefits to Participants, especially to insiders of the Company, at the expense of the Company and its existing shareholders.

(b) The Board may, subject to receipt of requisite regulatory approval, where required, in its sole discretion, make all other amendments to the Plan that are not of the type contemplated in subparagraph 3.9 (a) above, including, without limitation:

- (i) amendments of a housekeeping nature;
- (ii) the addition of or a change to vesting provisions of a security or the Plan;

(iii) a change to the termination provisions of a security or the Plan that does not entail an extension beyond the original expiry date; and

(iv) the addition or amendment of a cashless exercise feature, payable in cash or securities,.

(c) Notwithstanding the provisions of subparagraph 3.9 (b), the Company shall additionally obtain requisite shareholders approval in respect of amendments to the Plan that are contemplated pursuant to subparagraph 3.9 (b) to the extent such approval is required by any applicable law or regulations.

3.10 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

3.11 Interpretation

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

3.12 Compliance with Applicable Law

If any provision of the Plan or any agreement entered into pursuant to the Plan contravenes any law or any order, policy, by-law or regulation of any regulatory body or stock exchange having authority over the Company or the Plan then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

Approved by the Board on April 7, 2010 and by the shareholders of the Company on April 27, 2010.

Amended by the Board on March 22, 2011.

Approved by the shareholders of the Company on June 27, 2013.

Amended by the Board on May 26, 2014.

Amended by the Board on May 13, 2016.

Approved by the shareholders of the Company on ●, 2016

**EXHIBIT A**  
**DALRADIAN RESOURCES INC.**  
INCENTIVE STOCK OPTION PLAN  
OPTION COMMITMENT

Notice is hereby given that, effective this \_\_\_\_ day of \_\_\_\_\_ (the "**Effective Date**"), Dalradian Resources Inc. (the "**Company**") has granted to \_\_\_\_\_, an option (the "**Option**") to acquire \_\_\_\_\_ Common Shares (the "**Shares**") on or prior to 5:00 p.m. Toronto time on the \_\_\_\_ day of \_\_\_\_\_ (the "**Expiry Date**") at an exercise price of C\$\_\_\_\_\_ per Share.

The Option shall vest and become exercisable in accordance with the following schedule:



The grant of the Option evidenced hereby is made subject to the terms and conditions of the Company's Incentive Stock Option Plan (the "**Stock Option Plan**"), the terms and conditions of which are hereby incorporated herein and consented to by the undersigned Optionee. All terms not otherwise defined herein shall have the meanings ascribed thereto in the Stock Option Plan.

To exercise or surrender your Option, as the case may be, you must either:

- (A) deliver a written notice specifying the number of Shares you wish to acquire, together with a certified cheque or bank draft payable to the Company for the aggregate exercise price, to the Company.

**OR**

- (B) in the event you elect to exercise the Cashless Exercise Right, deliver a written notice specifying the surrender of all or part of the Option to the Company in consideration of the In-The-Money Amount and either (choose one):
- (1) elect to have the Company satisfy the payment of the In-The-Money Amount by delivering to you the Net Number of Shares, calculated in accordance with the following formula:

$$NN = \frac{\text{In-The-Money Amount}}{MP}$$

Where:

In-The-Money Amount is equal to  $(A \times MP) - (A \times EP)$

NN is the Net Number of Shares

A is the total number of Shares in respect of which the Optionee has surrendered Options pursuant to the Cashless Exercise Right

MP is the Market Price

EP is the exercise price

**OR**

- (2) request, which request may be accepted or rejected by the Company in its sole discretion, that the In-The-Money Amount be satisfied by the Company withholding and remitting the Tax Obligation to the applicable governmental authorities on your behalf, and delivering to you:

- (a) the Net Number of Shares, less

(b) such number of Shares as is equal to the Tax Obligation divided by the Market Price

In the event the Company does not accept your request pursuant to Section (B)(2) above, the In-The-Money Amount will be satisfied in accordance with Section (B)(1) above.

The Company's transfer agent will then issue a certificate for the Shares so acquired as soon as practicable thereafter.

The undersigned Optionee hereby authorizes the Company to withhold any remuneration payable to the undersigned for the purposes of paying any taxes owing as a result of the undersigned's participation in the Stock Option Plan.

**DALRADIAN RESOURCES INC.**

**OPTIONEE**

\_\_\_\_\_  
Authorized Signatory

\_\_\_\_\_  
Name:

## APPENDIX "C"

### DALRADIAN RESOURCES INC.

### DEFERRED SHARE UNIT PLAN

Effective May 13, 2016

## ARTICLE ONE

### DEFINITIONS AND INTERPRETATION

Section 1.01 **Definitions:** For purposes of the Deferred Share Unit 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. **"Acceptable Equity Awards"** means any deferred share units or other equity awards that are granted to or taken by a non-employee director in place of cash fees, provided that the equity award granted has an initial value that is equal to the value of the cash fees given up in exchange therefor;
- B. **"Act"** means the *Business Corporations Act* (Ontario) or its successor, as amended from time to time;
- C. **"Blackout Period"** means an interval of time during which the Company has determined that one or more Participants may not trade any securities of the Company because the Participant may be in possession of undisclosed material information pertaining to the Company, or otherwise prohibited by law from trading any securities of the Company;
- D. **"Board"** means the board of directors of the Company;
- E. **"Committee"** means the Board or if the Board so determines in accordance with Section 2.03 of the Deferred Share Unit Plan, the committee of the Directors authorized to administer the Deferred Share Unit Plan which includes the compensation committee of the Board;
- F. **"Common Shares"** means the common shares of the Company;
- G. **"Company"** means Dalradian Resources Inc., a Company existing under the Act;
- H. **"Deferred Share Unit"** means a unit credited by way of book-keeping entry in the books of the Company and administrated pursuant to the Deferred Share Unit Plan, representing the right to receive a cash payment (or a Common Share in accordance with Section 3.03), the value of which is equal to the Market Value of a Common Share calculated at the date of such payment, in accordance with Section 3.03;
- I. **"Deferred Share Unit Plan"** means this deferred share unit plan described in Article Three hereof;
- J. **"Designated Affiliate"** means an affiliate of the Company designated by the Committee for purposes of the Deferred Share Unit Plan from time to time;
- K. **"Director"** means a member of the Board from time to time;



- L. **"Director's Remuneration"** means the portion of the annual cash retainer fee payable to an Eligible Director by the Company in a Quarter in respect of the services provided to the Company by the Eligible Director as a member of the Board or as a member of the board of directors of a Designated Affiliate in a Quarter, but, for greater certainty, excluding amounts received by an Eligible Director as a reimbursement for expenses incurred in attending meetings;
- M. **"DSU Grant Letter"** has the meaning ascribed thereto in Section 3.05;
- N. **"DSU Issue Date"** means the date in each Quarter, which is the last business day of such Quarter, or such other date as determined by the Committee from time to time;
- O. **"DSU Payment"** means a cash payment (subject to Section 3.03, which allows the Company to satisfy the redemption amount for a DSU by the issuance of a Common Share) by the Company to a Participant equal to the Market Value of a Common Share on the Redemption Date multiplied by the number of Deferred Share Units held by the Participant on the Separation Date;
- P. **"Entitlement"** has the meaning ascribed thereto in Section 3.02;
- Q. **"Eligible Director"** means a person who is a Director or a member of the board of directors of any Designated Affiliate and who, at the relevant time, is not otherwise an officer or employee of the Company or of a Designated Affiliate, and such person shall continue to be an Eligible Director for so long as such person continues to be a member of such boards of directors and is not otherwise an employee of the Company or of a Designated Affiliate;
- R. **"Insider"** has the meaning ascribed thereto under the TSX Company Manual;
- S. **"Market Value"** means the volume weighted average trading price of the Common Shares calculated by dividing the total value by the total volume of the Common Shares on the TSX for the five (5) consecutive trading days immediately prior to the date as of which Market Value is determined. If the Common Shares are not trading on the TSX, then the Market Value shall be determined in the same manner 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;
- T. **"Participant"** for the Deferred Share Unit Plan means each Eligible Director to whom Deferred Share Units are issued;
- U. **"Quarter"** means: a fiscal quarter of the Company, which, until changed by the Company, shall be the three-month period ending March 31, June 30, September 30 or December 31 in any calendar year;
- V. **"Redemption Date"** with respect to a Participant who had a Separation Date, means such date as the Company determines which shall be no earlier than 30 days but no later than 60 days after the Separation Date (or no earlier than 30 days but no later than 60 days after the expiry of a Blackout Period if such Blackout Period was in effect on the Separation Date) unless the Participant has delivered to the Company a valid Redemption Notice as provided for in Section 3.03. in which case the Redemption Date shall be such date as is specified by the Participant in the Redemption Notice as the day on which DSUs credited to a

Participant's account shall be redeemed provided in no case may the Redemption Date be prior to the Separation Date or later than the last day of the calendar year commencing immediately after the Participant's Separation Date;

- W. **"Redemption Notice"** means a written notice delivered to the Corporate Secretary of the Company, by a Participant specifying a Redemption Date as provided for in Section 3.03;
- X. **"Separation Date"** means the date that a Participant ceases to be an Eligible Director for any reason whatsoever, including death, of the Eligible Director and is otherwise not an officer or employee of the Company or a Designated Affiliate;
- Y. **"Share Compensation Arrangement"** means this Deferred Share Unit Plan and any other security based compensation arrangements implemented by the Company including stock options, stock option plans, employee stock purchase plans, share distribution plans, stock appreciation rights, restricted share unit plans, or any other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares; and
- Z. **"TSX"** means The Toronto Stock Exchange.

Section 1.02 **Securities Definitions:** In the Deferred Share Unit Plan, the term "affiliate", shall have the meanings given to such terms in the *Securities Act* (Ontario).

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

Section 1.04 **Context, Construction:** Whenever the singular or masculine are used in the Deferred Share Unit 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 Deferred Share Unit Plan:** The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to the Deferred Share Unit 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 Deferred Share Unit Plan are references to lawful money of Canada.

## ARTICLE TWO

### PURPOSE AND ADMINISTRATION OF THE DEFERRED SHARE PLAN

Section 2.01 **Purpose of the Deferred Share Unit Plan:** The purpose of the Deferred Share Unit Plan is to strengthen the alignment of interests between the Eligible Directors and the shareholders of the Company by linking a portion or all of the annual compensation for Eligible Directors to the future value of the Common Shares. In addition, the Deferred Share Unit Plan has been adopted for the purpose of advancing the interests of the Company through the motivation, attraction and retention of directors of the Company, it being generally recognized that deferred share unit plans aid in attracting, retaining and encouraging director commitment and performance due to the opportunity offered to them to receive compensation in line with the value of the Common Shares.

Section 2.02 **Administration of the Deferred Share Unit Plan:** The Deferred Share Unit Plan shall be administered by the Committee and the Committee shall have full discretionary authority to administer the Deferred Share Unit Plan including the authority to interpret and construe any

provision of the Deferred Share Unit Plan and to adopt, amend and rescind such rules and regulations for administering the Deferred Share Unit Plan as the Committee may deem necessary in order to comply with the requirements of the Deferred Share Unit Plan. In addition the Committee may determine, as may be necessary, the Quarter when the Deferred Share Unit Plan will commence to apply and the Quarter when the Deferred Share Unit Plan will cease to apply to any particular Eligible Director. 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 Company. 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 Deferred Share Unit Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Company with respect to any such action taken or determination or interpretation made. The appropriate officers of the Company 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 for the implementation of the Deferred Share Unit Plan and of the rules and regulations established for administering the Deferred Share Unit Plan. All costs incurred in connection with the Deferred Share Unit Plan shall be for the account of the Company.

**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 (3) Directors, including any compensation committee of the Board.

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

- (a) the name and address of each Participant in the Deferred Share Unit Plan;
- (b) the number of Deferred Share Units granted to each Participant under the Deferred Share Unit Plan; and
- (c) the date and price at which Deferred Share Units were granted.

## **ARTICLE THREE**

### **DEFERRED SHARE UNIT PLAN**

**Section 3.01 Deferred Share Unit Plan:** A Deferred Share Unit Plan is hereby established for Eligible Directors.

**Section 3.02 Participants:** The Committee shall grant and issue to each Eligible Director on each DSU Issue Date, that number of DSUs having a value on the DSU Issue Date equal to the amount representing the percentage of the Director's Remuneration payable to such Eligible Director (the "**Entitlement**") as elected annually in writing by each Eligible Director. More specifically, the number of DSUs to be granted to an Eligible Director will be determined by dividing the Entitlement by the Market Value for a Common Share on the TSX on the business day immediately preceding the DSU Issue Date. Any election discussed above can be made only once annually for the full duration of the Eligible Director's current term in respect of which the Entitlement is payable, by giving written notice to the Committee no later than 15 calendar days prior to the date on which the first Entitlement is payable to the Eligible Director following his or her election or appointment (or such other date as determined by the Committee). In addition, the Committee, in its sole discretion, may grant and issue to any Eligible Director, from time to time, as the Committee so determines, that number of DSUs as determined by resolution of the Committee.

**Section 3.03 Redemption:** Within 30 days of the Separation Date, a Participant may deliver to the Company a Redemption Notice specifying a Redemption Date. Each Deferred Share Unit held by a Participant who ceases to be an Eligible Director shall be redeemed by the Company on the

relevant Redemption Date for a DSU Payment to be made to the Participant (or after the Participant's death, a dependent, relative or legal representative of the Participant) on such Redemption Date, without any further action on the part of the holder of the Deferred Share Unit in accordance with this Article Three.

Unless otherwise determined by resolution of the Committee, in the event that a Blackout Period is in effect on the Separation Date of a Participant, the Participant may deliver to the Company a Redemption Notice specifying a Redemption Date only after the Blackout Period has expired, but no later than within 30 days thereafter.

The Company shall have the right, in the Committee's sole discretion, to make all or part of the DSU Payment by issuing to the Participant Common Shares from treasury, on the basis of, subject to adjustment in accordance with Section 5.05, one Common Share for each Deferred Share Unit.

**Section 3.04 Plan Maximum:** The aggregate maximum number of Common Shares made available under the Deferred Share Unit Plan and all other Share Compensation Arrangements of the Company shall be determined from time to time by the Board, but in any case, shall not exceed 10% of the Common Shares issued and outstanding from time to time, subject to adjustments pursuant to Section 5.05. The Plan shall be a "rolling plan" and therefore when Deferred Share Units are settled, cancelled or terminated, Common Shares shall automatically be available for the grant of new Deferred Share Units under this Plan. The aggregate number of Common Shares issuable to Insiders pursuant to Deferred Share Units granted and all other Share Compensation Arrangements, at any time, shall not exceed 10% of the total number of Common Shares then outstanding. The aggregate number of Common Shares issued to Insiders pursuant to Deferred Share Units and all other Share Compensation Arrangements, within a one year period, shall not exceed 10% of the total number of Common Shares then outstanding. For purposes of this Section 3.04, the number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Deferred Share Units. In addition to the foregoing:

- (a) the aggregate number of securities granted under all Share Compensation Arrangements (pre-existing or otherwise) to any one non-employee director within any one-year period shall not exceed a maximum value of:
  - (i) in the case of stock options, \$100,000 worth of options; and
  - (ii) in the case of securities granted under all Share Compensation Arrangements (pre-existing or otherwise), \$150,000 worth of securities.

The value of options or other securities granted under all Share Compensation Arrangements (pre-existing or otherwise) shall be determined using a generally accepted valuation model.

- (b) For the purposes of Section 3.04 (a), the aggregate number of securities granted under all Share Compensation Arrangements (pre-existing or otherwise) 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 Company, upon such person becoming or agreeing to become a director of the Company. However, the aggregate number of securities granted under all Share Compensation Arrangements (pre-existing or otherwise) in this initial grant to any one non-employee director shall not exceed a maximum value of \$150,000 worth of securities;
  - (ii) the securities granted under the Share Compensation Arrangements (pre-existing or otherwise) to a director who was also an officer of the

Company at the time of grant but who subsequently became a non-employee director; and

(iii) securities granted under Acceptable Equity Awards.

Section 3.05 **Deferred Share Unit Letter:** Each grant of Deferred Share Units under the Deferred Share Unit Plan shall be evidenced by a letter of the Company ("**DSU Grant Letter**"). Such Deferred Share Units shall be subject to all applicable terms and conditions of the Deferred Share Unit Plan and may be subject to any other terms and conditions which are not inconsistent with the Deferred Share Unit Plan and which the Committee deems appropriate for inclusion in a DSU Grant Letter. The provisions of the various DSU Grant Letters entered into under the Deferred Share Unit Plan need not be identical, and may vary from Quarter to Quarter and from Participant to Participant.

Section 3.06 **Dividends:** In the event that a dividend (other than stock dividend) is declared and paid by the Company on Common Shares, a Participant will be credited with additional Deferred Share Units. The number of such additional Deferred Share Units will be calculated by dividing the total amount of the dividends that would have been paid to the Participant if the Deferred Share Units in the Participant's account on the dividend record date had been outstanding Common Shares (and the Participant held no other Common Shares), by the Market Value of a Common Share on the TSX on the date on which the dividends were paid on the Common Shares.

Section 3.07 **Term of the Deferred Share Unit Plan:** The Deferred Share Unit Plan, as set forth herein, shall be effective as of May 13, 2016. The Deferred Share Unit Plan shall remain in effect until it is terminated by the Board. Upon termination of the Plan, the Company shall redeem all remaining Deferred Share Units under Section 3.03 above, as at the applicable Redemption Date for each of the remaining Participants.

## ARTICLE FOUR

### WITHHOLDING TAXES

Section 4.01 **Withholding Taxes:** The Company or any Designated Affiliate of the Company may take such steps as are considered necessary or appropriate for the withholding of any taxes or other amounts which the Company or any Designated Affiliate of the Company is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Deferred Share Unit or DSU Payment, including, without limiting the generality of the foregoing, the withholding of all or any portion of any DSU Payment or the withholding of the issue of any Common Shares to be issued under the Deferred Share Unit Plan, until such time as the Participant has paid to, or made satisfactory arrangements for the payment to, the Company or any Designated Affiliate for any amount which the Company or Designated Affiliate is required to withhold by law with respect to such taxes or other amounts. Without limitation to the foregoing, the Committee may adopt administrative rules under the Deferred Share Unit Plan, which provide for the sale, on behalf of the Participant, of Common Shares (or a portion thereof) in the market upon the issuance of such shares under the Deferred Share Unit Plan, to satisfy the Company's or Designated Affiliate's withholding obligations under the Deferred Share Unit Plan.

## ARTICLE FIVE

### GENERAL

Section 5.01 **Amendment of Deferred Share Unit Plan:** The Board may from time to time in its discretion (without shareholder approval) amend, modify and change the provisions of the Deferred Share Unit Plan (and/or any Deferred Share Unit), except however that, any amendment, modification or change to the provisions of the Deferred Share Unit Plan (and/or any Deferred Share Unit) which would:

- (a) increase the number of Common Shares or maximum percentage of Common Shares, other than by virtue of Section 5.05 of the Deferred Share Units Plan, which may be issued pursuant to the Deferred Share Unit Plan;
- (b) reduce the range of amendments requiring shareholder approval contemplated in this Section;
- (c) permit Deferred Share Units to be transferred other than for normal estate settlement purposes;
- (d) change insider participation limits which would result in shareholder approval to be required on a disinterested basis; or
- (e) materially modify the requirements as to eligibility for participation in the Deferred Share Units Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Company. In addition, any such amendment, modification or change of any provision of the Deferred Share Units Plan (and/or any Deferred Share Unit) shall be subject to the approval, if required, by any regulatory authority having jurisdiction over the securities of the Company. Any amendment of this Deferred Share Unit Plan shall be such that this Deferred Share Unit Plan continuously meets the requirements of paragraph 6801(d) of the Regulations to the *Income Tax Act* (Canada) or any successor provision thereto.

Section 5.02 **Non-Assignable:** Except as otherwise may be expressly provided for under this Deferred Share Unit Plan or pursuant to a will or by the laws of descent and distribution, no Deferred Share Unit and no other right or interest of a Participant is assignable or transferable, and any such assignment or transfer in violation of this Deferred Share Unit Plan shall be null and void.

Section 5.03 **Rights as a Shareholder and Director:** No holder of any Deferred Share Units shall have any rights as a shareholder of the Company at any time. Nothing in the Deferred Share Unit Plan shall confer on any Eligible Director the right to continue as a director or officer of the Company or as a director or officer of any Designated Affiliate or interfere with right to remove such director or officer.

Section 5.04 **No Contract of Employment.** Nothing contained in the Deferred Share Unit 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 Company or its affiliates nor interfere or be deemed to interfere in any way with any right of the Company or its affiliates to discharge any Participant at any time for any reason whatsoever, with or without cause.

Section 5.05 **Adjustment in Number of Payments Subject to the Deferred Share Unit Plan:** In the event there is any change in the Common Shares, whether by reason of a stock dividend, stock split, reverse stock split, consolidation, subdivision, reclassification or otherwise, an appropriate proportionate adjustment shall be made by the Committee with respect to the number of Deferred Share Units then outstanding under the Deferred Share Unit Plan as the Committee, in its sole discretion, may determine to prevent dilution or enlargement of rights.

All such adjustments, as determined by the Committee, shall be conclusive, final and binding for all purposes of the Deferred Share Unit Plan.

Section 5.06 **No Representation or Warranty:** The Company makes no representation or warranty as to the future value of any rights under Deferred Share Units issued in accordance with the provisions of the Deferred Share Unit Plan. No amount will be paid to, or in respect of, an Eligible Director under this Deferred Share Unit Plan or pursuant to any other arrangement, and no additional Deferred Share Units will be granted to such Eligible Director to compensate for a

downward fluctuation in the price of the Common Shares, nor will any other form of benefit be conferred upon, or in respect of, an Eligible Director for such purpose.

**Section 5.07 Compliance with Applicable Law:** If any provision of the Deferred Share Unit Plan or any Deferred Share Unit contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

**Section 5.08 Interpretation:** This Deferred Share Unit Plan shall be governed by and construed in accordance with the laws of the Province of Ontario.

**Section 5.09 Unfunded Benefit:** All DSU Payments to be made constitute unfunded obligations of the Company payable solely from its general assets and subject to the claims of its creditors. The Company has not established any trust or separate fund to provide for the payment of benefits hereunder.

Approved by the Board on May 13, 2016 and by the shareholders of the Company on ●, 2016.