

**PREMIER GOLD MINES LIMITED**

1100 Russell Street  
Thunder Bay, Ontario  
P7B 5N2

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual meeting (the "**Meeting**") of the shareholders of Premier Gold Mines Limited (the "**Corporation**") will be held at the Toronto Region Board of Trade, One First Canadian Place, Toronto, Ontario at 4:00 p.m. (Toronto time) on Thursday, June 22, 2017 for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2016 together with the report of the auditor thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor; and
4. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

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

The board of directors of the Corporation has fixed the close of business on May 11, 2017 as the record date (the "**Record Date**") for the determination of shareholders entitled to receive notice of, and to vote at, the Meeting. Only shareholders whose names have been entered in the register of shareholders as of the close of business on the Record Date will be entitled to receive notice of, and to vote at, the Meeting.

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

**Whether or not you are able to attend the Meeting in person, you are encouraged to provide voting instructions on the enclosed form of proxy as soon as possible. To be included at the Meeting, your completed and executed form of proxy must be received by TSX Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, no later than 4:00 p.m. (Toronto time) on Tuesday, June 20, 2017 (or 48 hours (excluding Saturdays, Sundays and holidays) prior to any reconvened Meeting in the event of an adjournment of the Meeting) or deposited with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof. Voting instructions may also be provided by internet or facsimile by following the instructions on the form of proxy.**

**DATED** at Thunder Bay, Ontario this 23<sup>rd</sup> day of May, 2017.

**BY ORDER OF THE BOARD**

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

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

**MAY 23, 2017**

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

**This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Premier Gold Mines Limited (the "Corporation") for use at the annual meeting (the "Meeting") of the shareholders of the Corporation to be held at the Toronto Region Board of Trade, One First Canadian Place, Toronto, Ontario at 4:00 p.m. (Toronto time) on Thursday, June 22, 2017 and at all adjournments thereof for the purposes set forth in the accompanying notice of meeting (the "Notice of Meeting"). The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Corporation. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation ("Common Shares") in their own names, or in the names of nominees, for their reasonable expenses for sending forms of proxy and this Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of any such solicitation will be borne by the Corporation.**

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

**Appointment of Proxies**

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

**The persons named in the form of proxy accompanying this Circular are directors and/or officers of the Corporation. A shareholder of the Corporation has the right to appoint a person (who need not be a shareholder of the Corporation), other than the persons designated in the form of proxy, to represent such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed form of proxy to TSX Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, no later than 4:00 p.m. (Toronto time) on Tuesday, June 20, 2017 (or 48 hours (excluding Saturdays, Sundays and holidays) prior to any reconvened Meeting), or deposit the completed and executed form of proxy with the Chairman of the Meeting prior to the**

**commencement of the Meeting or any adjournment thereof. Voting instructions may also be provided by internet or facsimile by following the instructions on the form of proxy.**

### **Revocation of Proxies**

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

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

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

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

### **Signing of Proxy**

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

### **Non-Registered Shareholders**

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

- (a) an intermediary (an "**Intermediary**") with whom the Non-Registered Shareholder deals in respect of the Common Shares (including, among others, banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or
- (b) a clearing agency (such as CDS Clearing and Depository Services Inc. or the Depository Trust Company) of which the Intermediary is a participant.

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

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

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

- (a) a voting instruction form which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the 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
- (b) a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with TSX Trust Company, Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form. **Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those instructions regarding when and where the voting instruction form or the form of proxy is to be delivered.**

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

### **Quorum**

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

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The board of directors (the "**Board**") of the Corporation has fixed May 11, 2017 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting. Shareholders of the Corporation of record at the close of business on May 11, 2017 will be entitled to vote at the Meeting and at all adjournments thereof.

As at May 11, 2017, there were 201,533,687 Common Shares issued and outstanding. Each Common Share will entitle the holder of record thereof to one vote at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, as at May 11, 2017, no person or company beneficially owned or controlled or directed, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation except as stated below.

<b>Name</b>	<b>Number of Common Shares Beneficially Owned, Controlled or Directed</b>	<b>Percentage of Outstanding Common Shares Beneficially Owned, Controlled or Directed</b>
Van Eck Associates Corporation	21,897,879 <sup>(1)</sup>	10.87%

**Note:**

(1) Reflects Common Shares held by an ETF Business Unit over which Van Eck Associates Corporation has investment authority as at April 30, 2017 according to a report dated May 9, 2017 filed under Part 4 of National Instrument 62-103 - *The Early Warning System and Related Take-over Bid and Insider Reporting Issues* filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## BUSINESS OF THE MEETING

### 1. Receiving the Financial Statements

The financial statements of the Corporation for the financial year ended December 31, 2016 have been mailed to the Corporation's registered and beneficial shareholders who requested to receive them. The financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com). The financial statements of the Corporation for the year ended December 31, 2016 and the report of the auditor thereon will be placed before the Meeting.

### 2. Election of Directors

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

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

Name, Position and Province or State and Country of Residence	Principal Occupation, Business or Employment	Date Became Director	Number of Common Shares Beneficially Owned or Controlled or Directed <sup>(1)</sup>
<b>John A. Begeman</b> Executive Chairman and Director South Dakota, USA	John Begeman is a mining engineer with over 35 years of mining experience. He is currently the Executive Chairman of the Board, a Director of Yamana Gold Inc. and a Director of African Gold Group, Inc. He served as the President, CEO and Director of Avion Gold Corporation from 2008 until 2012.	May 29, 2006	514,056 Common Shares
<b>Ewan S. Downie<sup>(5)</sup></b> President, Chief Executive Officer and Director Ontario, Canada	President and Chief Executive Officer of the Corporation since May 29, 2006; Chairman and Director of Wolfden Resources Corporation since August 12, 2009.	May 29, 2006	3,760,278 Common Shares
<b>Claude Lemasson<sup>(3)(4)(6)</sup></b> Director Ontario, Canada	President and Chief Executive Officer of Eastmain Resources Inc. since April 2016; Director of Eastmain Resources Inc. since November 2015; Independent Director of Kirkland Lake Gold Inc. from July 2013 to October 2014; President and Chief Operating Officer of Guyana Goldfields Inc. from 2009 until 2012.	June 28, 2012	89,500 Common Shares

Name, Position and Province or State and Country of Residence	Principal Occupation, Business or Employment	Date Became Director	Number of Common Shares Beneficially Owned or Controlled or Directed <sup>(1)</sup>
<b>Ronald Little</b> <sup>(2)(3)(5)</sup> Director Ontario, Canada	Professional engineer and geologist with more than 30 years of experience in mine operations, mine development, project finance and exploration. Mr. Little has spent the last 20 years focused on African projects and was the founder of Orezone Resources Inc., a company that developed Essakane, the largest gold mine in Burkina Faso that was taken over by IAMGOLD Corporation in a deal worth \$350M in 2009. Mr. Little served as President, Chief Executive Officer and Director of Orezone Gold Corporation from December 2008 until May 2017. Mr. Little has also been a director of other public and private companies and held senior operating positions in both major and junior gold producing companies.	July 15, 2015	26,050 Common Shares
<b>Anthony Makuch</b> <sup>(3)(4)(5)</sup> Director Ontario, Canada	President, Chief Executive Officer and a Director of Kirkland Lake Gold Inc. since July 2016. Executive Vice President / President of Canadian Operations of Tahoe Resources Inc., Lake Shore Gold Division from April 2016 until July 2016; President, Chief Executive Officer and Director of Lake Shore Gold Corp. from March 2008 until March 2016. Also a director of Cordoba Minerals Corp.	June 23, 2016	44,000 Common Shares
<b>John Seaman</b> <sup>(2)(4)(5)</sup> Director Ontario, Canada	President and Chief Executive Officer of Apex Investigation and Security Inc. since 2007; Chief Financial Officer of the Corporation from August 2006 to June 2012; Director and/or officer of various small-cap public companies.	May 29, 2006	148,205 Common Shares
<b>Michael Vitton</b> <sup>(2)(3)</sup> Director Connecticut, USA	Chairman and CEO, M2-Advisors, since 2009. Co-founder and former director, MMX Mineracao e Metalicos SA (Brazil) ("MMX") and LLX Logistica SA (Brazil), June 2005, sold to Anglo American Corporation for US\$5.5 billion, total value MMX distributions: US\$8.8 billion, resigned MMX board April 2010. Former Executive Managing Director, Head, US Equity Sales, Bank of Montreal Capital Markets (BMO Capital Markets), June 1984 to August 2009. Former Managing Director, Burns Fry Ltd., June 1984 to June 1994, acquired by Bank of Montreal, June 1994, originating and placing over \$200 billion in securities.	December 18, 2013	307,000 Common Shares

**Notes:**

- (1) The information as to the number of Common Shares beneficially owned or controlled or directed has been furnished by the respective nominee.
- (2) Member of the Audit Committee of the Board.
- (3) Member of the Compensation and Nominating Committee of the Board.
- (4) Member of the Corporate Governance Committee of the Board.
- (5) Member of the Environmental, Health and Safety, and Corporate Responsibility Committee of the Board.
- (6) Lead independent director. The position of lead independent director is a non-executive position, which focuses on ensuring open and candid discussion takes place among the independent directors as well as between independent and non-independent directors. To enhance the effectiveness of the Board, among other things, the lead independent director ensures that the independent directors have an opportunity to meet, without management and the non-independent directors being present, at each regularly scheduled meeting of the Board.

None of the nominees for election as a director of the Corporation is, or has been, within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied such company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days and that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer or that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in such capacity, other than as follows:

- John Seaman, a director of the Corporation, was a director of MBMI Resources Inc. ("MBMI") when, on September 21, 2007, it was issued a cease trade order from the British Columbia Securities Commission for failure to file a current technical report. MBMI subsequently filed a technical report and retracted certain historic resource estimates, where applicable. Effective November 15, 2007, the cease trade order was rescinded and trading of the securities of MBMI resumed.

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

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

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

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

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

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

Grant Thornton is currently the auditor of the Corporation and has been the auditor of the Corporation since its formation.

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

#### **OTHER BUSINESS**

Management is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

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

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

#### **STATEMENT OF EXECUTIVE COMPENSATION**

When used in this section, the term "NEO" or "Named Executive Officer" means each of the following individuals: (i) the Chief Executive Officer of the Corporation; (ii) the Chief Financial Officer of the Corporation; (iii) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be an NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year. For the financial year ended December 31, 2016, the Named Executive Officers of the Corporation were the following:

- Ewan Downie, President and Chief Executive Officer;
- Steven Filipovic, Chief Financial Officer;
- John Begeman, Executive Chairman;
- Stephen McGibbon, Executive Vice-President – Corporate & Project Development; and
- Charlie Ronkos, Executive Vice-President – Project Development, Americas.

## Compensation Discussion and Analysis

### *Compensation Governance*

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

The Compensation and Nominating Committee is currently comprised of four members, being Messrs. Lemasson, Little, Makuch and Vitton, each of whom are independent. The Compensation and Nominating Committee members have collectively gained extensive compensation-related experience in the mining and finance sectors both as senior officers and as members of the boards of directors and committees of other public and private corporations and through the pursuit of educational opportunities in this area. Each member draws on his respective management and governance experience to provide relevant compensation-related guidance on the Corporation's compensation policies and practices. The Board is confident that the collective experience of the committee members ensures that the Compensation and Nominating Committee has the knowledge and experience to execute its mandate effectively and to make executive compensation decisions in the best interests of the Corporation.

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

- Mr. Lemasson has been a mining executive building teams for the past 17 years and has had direct responsibility for hiring and defining compensation packages for other executives and management. Mr. Lemasson has served as the President and Chief Executive Officer of Eastmain Resources Inc. since April 2016 and as a director of Eastmain Resources Inc. since November 2015. Mr. Lemasson previously served as an independent director of Kirkland Lake Gold Inc. from July 2013 to October 2014. Mr. Lemasson also served as the President and Chief Operating Officer of Guyana Goldfields Inc. from 2009 until 2012.
- Mr. Little has held directorships with other public and private companies and has held senior operating positions in both major and junior gold producing companies. Mr. Little served as the President, Chief Executive Officer and a director of Orezone Resources Inc. and subsequently Orezone Gold Corporation from 1995 until May 2017. Mr. Little is also a director and a member of the Compensation and Nomination Committee of Northern Graphite Corporation.
- Mr. Makuch is a mining executive and has had direct responsibility for hiring and defining compensation packages for other executives and management. Mr. Makuch has served as the President and Chief Executive Officer of Kirkland Lake Gold Inc. since July 2016 and was the President, Chief Executive Officer and a Director of Lake Shore Gold Corp. from March 2008 until March 2016.

- Mr. Vitton was an Executive Managing Director and Head of U.S. and Canadian Equity Sales of Bank of Montreal Capital Markets from 1994 to 2009. Previously, Mr. Vitton acted as Managing Director of Burns Fry Limited from 1984 to 1994. Burns Fry Limited was acquired by Bank of Montreal in 1994. In these capacities at Bank of Montreal Capital Markets and Burns Fry Limited, he had material participation in the compensation process for the institutional equity sales group. Mr. Vitton has held directorships with other public and private companies, including as co-founder and director of MMX Mineracao e Metalicos SA. MMX Mineracao e Metalicos SA sold Minas Rio and Amapa mining assets to Anglo American Corporation for US\$5.5 billion in cash in December 2008, returning US\$8.8 billion in cash or stock distributions to MMX IPO shareholders, offering six times return after two years.

### ***Compensation Consultant***

For the financial year ended December 31, 2016, the Compensation and Nominating Committee engaged an independent consulting firm, Mercer (Canada) Limited ("**Mercer**"), to provide it with independent advice on executive compensation and related governance matters in connection with the approach of the Corporation towards executive and director compensation. The nature and scope of services provided and to be provided by Mercer to the Compensation and Nominating Committee includes:

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

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

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

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

<b>Year</b>	<b>Executive Compensation-Related Fees (\$)</b>	<b>All Other Fees (\$)</b>
2015	-	\$4,800 <sup>(1)</sup>
2016	\$63,794.32	\$8,800 <sup>(2)</sup>

**Notes:**

- (1) For the financial year ended December 31, 2015, the Corporation paid Mercer a fee to participate in and receive the results of an executive survey focused on the mining industry in Canada.
- (2) For the financial year ended December 31, 2016, the Corporation paid Mercer a fee to participate in and receive the results of an executive survey focused on the mining industry in Canada and the United States.

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

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

### ***Peer Group***

The Compensation and Nominating Committee compares the Corporation's compensation structure and levels with a peer group of companies, including base salary, short-term incentive compensation and long-term incentive compensation according to position title, organizational role and overall scope of responsibility. The 2016 peer group used by the Compensation and Nominating Committee in making its recommendations to the Board included the following 14 publicly traded mining companies with which the Corporation competes for executive talent and which the Corporation sees as its best comparables in order to ensure the Corporation remains competitive in attracting, motivating and retaining highly qualified and experienced executives. Companies were independently selected for inclusion in the peer group based on an in-depth review of many factors, including company size, geographic location, market capitalization, asset composition, degree of complexity and stage of operations.

<b>Company</b>
Alacer Gold Corp.
Argonaut Gold Inc.
Asanko Gold Inc.
Guyana Goldfields Inc.
Kirkland Lake Gold Inc.
Klondex Mines Ltd.
MAG Silver Corp.

<b>Company</b>
Mandalay Resources Corp.
Pretium Resources Inc.
Primero Mining Corp.
Richmont Mines Inc.
Roxgold Inc.
TMAC Resources Inc.
Torex Gold Resources Inc.

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

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

*Base Salary*

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

*Cash Bonus*

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

$$\text{Annual Cash Bonus} = \text{Base Salary} \times \frac{\left[ \frac{\text{Target Bonus Rate} + \left[ \left( \frac{\text{Final Rating}}{50} \right) - 1 \right] \times \left[ \text{Maximum Bonus Rate} - \text{Target Bonus Rate} \right]}{100} \right]}{100}$$

where:

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

and where:

- A = Competency Appraisal Weighting
- B = Competency Appraisal Year End Rating
- C = Personal Targets Weighting
- D = Personal Targets Year End Rating
- E = Team Targets Weighting
- F = Team Targets Year End Rating
- G = Company Targets Weighting
- H = Company Targets Year End Rating
- I = Peer / Market Related Targets Weighting
- J = Peer / Market Related Targets Year End Rating

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

The competency appraisal is based on a detailed assessment of each executive officer's aptitude in various pre-established categories. The Compensation and Nominating Committee and the Board assess the President and Chief Executive Officer's competency, and review the President and Chief Executive

Officer's assessment of the competency of each of the other executive officers. For each category, the Compensation and Nominating Committee or the President and Chief Executive Officer, as applicable, awards a rating based on how competent the executive officer was found to have been in respect of the particular category. For the financial year ended December 31, 2016, categories included personal, interpersonal, knowledge and productivity.

Personal targets are individual targets based on pre-established goals and objectives particular to each individual executive officer. For the financial year ended December 31, 2016, personal targets varied for each Named Executive Officer but included, as applicable: (i) involvement with the Corporation's marketing initiatives; (ii) financial management; (iii) identification and acquisition of strategic assets; (iv) achievement of production goals; and (v) increasing reserves and resources.

Team targets are individual targets based on individual work assignments or projects that are components of and relate directly to broader operational and milestone related targets of the Corporation. For the financial year ended December 31, 2016, team targets varied for each Named Executive Officer but included, as applicable: (i) support of business expansion initiatives; (ii) relative performance of the Corporation; (iii) meeting the Corporation's annual budget; and (iv) execution of exploration, development and production plans and completion of related deliverables.

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

Company targets are comprised of operational targets and milestone related targets based on key performance objectives for each property. For the financial year ended December 31, 2016, operational targets included: (i) financial management; (ii) NAV expansion; (iii) health and safety; and (iv) environmental compliance.

Peer/market related targets are targets based on performance of the Corporation against its peers. For the financial year ended December 31, 2016, peer/market related targets included: (i) share price performance relative to peers; (ii) absolute share price performance; and (iii) market capitalization.

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

For the financial year ended December 31, 2016, the Board set the target and maximum bonus rates for each Named Executive Officer, representing the percentage of their base salary which their annual cash bonus would total assuming such Named Executive Officer achieved 50% and 100% respectively of such Named Executive Officer's pre-established targets. Such target and maximum bonus rates, along with the calculated bonus amounts (based on the formula for calculating annual cash bonus payouts explained above), are shown below.

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

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Competency Appraisal	90	15	13.5
Personal Targets	100	10	10
Team Targets	68.75	20	13.8
Company Targets	81.25	30	24.4
Peer/Market Related Targets	25	25	6.3
Final Rating			68
Bonus % Achieved (Target 75% / Max 125%)			93%
Salary			\$468,000
Bonus Amount			\$435,240

**Steven Filipovic, Chief Financial Officer**

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Competency Appraisal	88.125	15	13.2
Personal Targets	93.75	10	9.4
Team Targets	81.25	20	16.3
Company Targets	81.25	30	24.4
Peer/Market Related Targets	25	25	6.3
Final Rating			69.6
Bonus % Achieved (Target 50% / Max 80%)			61.8%
Salary			\$300,000
Bonus Amount			\$185,400

**John Begeman, Executive Chairman**

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Competency Appraisal	89.375	15	13.4
Personal Targets	93.75	10	9.4
Team Targets	68.75	20	13.8
Company Targets	81.25	30	24.4
Peer/Market Related Targets	25	25	6.3
Final Rating			67.3
Bonus % Achieved (Target 50% / Max 80%)			60.4%
Salary			US\$282,000
Bonus Amount			US\$170,328

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

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Competency Appraisal	85.625	15	12.8
Personal Targets	87.5	10	8.8
Team Targets	75	20	15
Company Targets	81.25	30	24.4
Peer/Market Related Targets	25	25	6.3
Final Rating			67.3
Bonus % Achieved (Target 50% / Max 80%)			60.4%
Salary			\$265,000
Bonus Amount			\$160,060

**Charlie Ronkos, Executive Vice-President – Project Development, Americas**

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Competency Appraisal	88.125	15	13.2
Personal Targets	87.5	10	8.8
Team Targets	87.5	20	17.5
Company Targets	81.25	30	24.4
Peer/Market Related Targets	25	25	6.3
Final Rating			70.2
Bonus % Achieved (Target 50% / Max 80%)			62.1%
Salary			US\$280,000
Bonus Amount			US\$173,880 <sup>1</sup>

**Note:**

(1) Bonus payment pro-rated to US\$69,552 based on a start date of August 8, 2016.

*Security-Based Compensation*

Short-term incentive compensation is also provided through the granting of equity incentives under the RSU Plan, which was established in 2015 for the benefit of full-time and part-time employees, officers and directors of the Corporation and its affiliates, as well as individuals engaged to provide consulting, technical, management or other services to the any of the foregoing. The RSU Plan is administered by the directors of the Corporation, or if the directors so determine, the committee of the directors authorized to administer the RSU Plan. The RSU Plan provides for the payment of bonus compensation in the form of Common Shares or, at the option of the Corporation, cash.

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

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

Management of the Corporation believes that security-based compensation arrangements and similar plans are a critical component of the Corporation's compensation arrangements and are necessary and vital to attracting and retaining key individuals. Participants in the Share Option Plan benefit only if the market value of the Common Shares at the time of option exercise is greater than the exercise price of the Options at the time of grant. As of the date hereof, no Common Shares have been issued under the Share Purchase Plan and no person has any right to be issued any Common Shares under the Share Purchase Plan.

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

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

the Share Incentive Plan, see "*Securities Authorized for Issuance Under Equity Compensation Plans - Summary of the Share Incentive Plan*".

#### *Perquisites and Other Personal Benefits*

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

#### *Risk*

The Compensation and Nominating Committee recognizes that certain elements of compensation could promote unintended inappropriate or excessive risk-taking behaviours; however, the Corporation seeks to ensure that executive compensation packages appropriately balance short-term incentives (e.g., base salary, annual cash bonuses and RSUs, if applicable) and long-term incentives (e.g., share-based and option-based awards). Base salaries and personal benefits are not subject to performance risk given the stage of the Corporation, as discussed above. To receive the benefit of long-term incentives (share-based and option-based awards), the executive officers must be employed by the Corporation (subject to limited exceptions), thereby better aligning executive performance with the interests of the Corporation and its shareholders. The Compensation and Nominating Committee believes that executive compensation risk management is reinforced by ongoing oversight of the Board of, among other things, the Corporation's financial results, regulatory disclosure, strategic plans, fraud and error reporting, the Audit Committee's regular meetings with the external auditors (including without the presence of management), the Corporation's internal controls, management information systems and financial control systems.

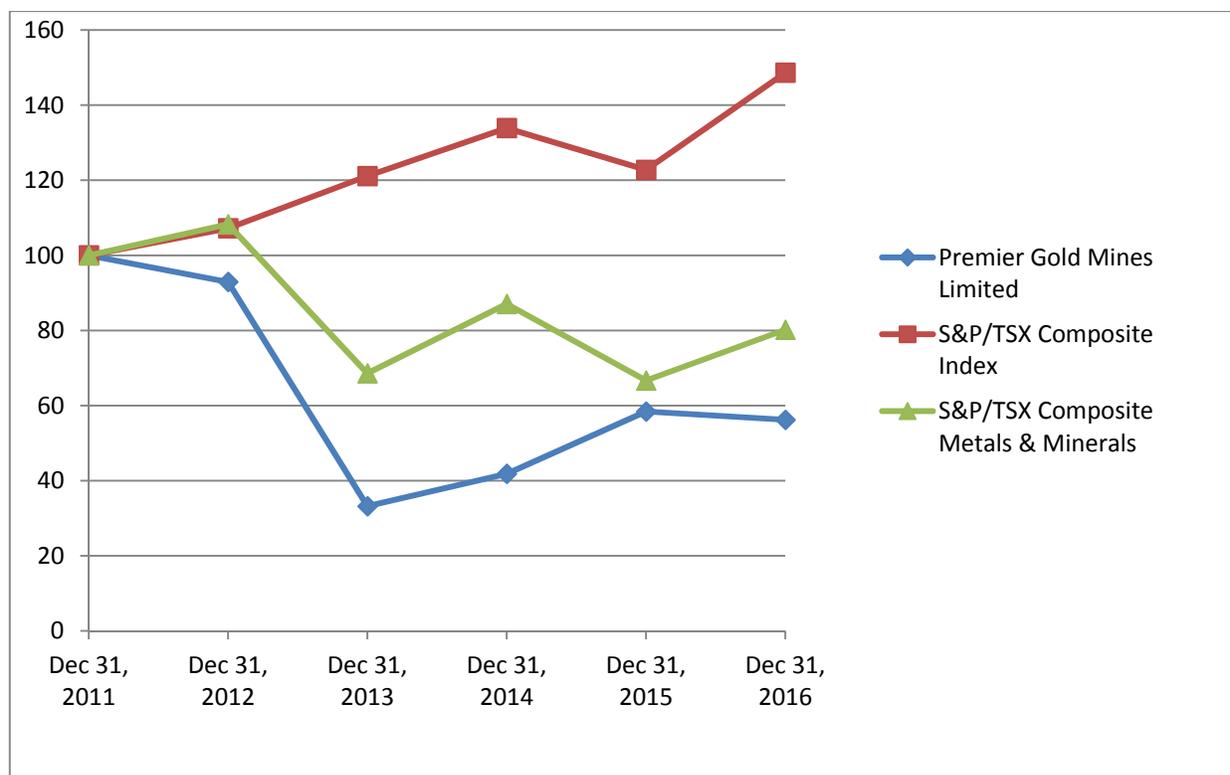
As a result of the factors discussed above, the Compensation and Nominating Committee does not believe that its compensation policies and practices are reasonably likely to have a material adverse effect on the Corporation.

#### *Hedging*

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

#### *Performance Graph*

The following graph compares, from January 1, 2012 to December 31, 2016, the total cumulative return on a \$100 investment in the Common Shares with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Composite Metals and Minerals Index.



As illustrated by the graph, with the exception of the year ended December 31, 2015, the Corporation's share price has underperformed the S&P/TSX Composite Index and slightly underperformed the performance of the S&P/TSX Composite Metals & Minerals Index during the five-year period ended December 31, 2016. During this period, both commodity and equity markets have experienced considerable volatility. The sharp decrease in commodity prices which began in 2013 and continued throughout 2016 has had an adverse impact on gold equities, as illustrated by the steep decline of both the S&P/TSX Composite Metals & Minerals Index and the Corporation's share price in 2013. The trend in compensation of the Named Executive Officers has generally been consistent with share price performance over this period. Although the base salaries of Named Executive Officers have increased over the past five years, they remained unchanged for the financial years ended December 31, 2013 and December 31, 2014. The most noticeable trend is with respect to annual cash bonuses, which decreased for the financial year ended December 31, 2013, which was consistent with the decline in the Corporation's share price performance for that period. Annual cash bonuses increased significantly for the financial years ended December 31, 2014 and December 31, 2015, as the Corporation's share price performance improved. Total compensation for each of the Named Executive Officers (other than individuals acting as Executive Chairman) increased between approximately 44.2% and 69.5% for the financial years ended December 31, 2014 and December 31, 2015 and decreased or increased between approximately -1.01% and 7.07% for the financial years ended December 31, 2015 and December 31, 2016. This reflects in large part the Corporation's efforts to correlate compensation of the Corporation's Named Executive Officers to a target level that is within the median range of its peer group. For details regarding the Corporation's peer group and the total compensation paid to Named Executive Officers, see "Statement of Executive Compensation – Compensation Discussion and Analysis – Peer Group" and "Statement of Executive Compensation – Summary Compensation Table".

While share price is an important factor, the share price valuation of gold producers, as well as exploration and development companies, fluctuates with changes in the underlying commodity prices, and at no time during the period was compensation intended to reflect share price performance driven by

externalities. The compensation of the executive officers of the Corporation for the financial year ended December 31, 2016 was determined at arm's length and was at the discretion of the Board based upon the recommendations of the Compensation and Nominating Committee in accordance with the factors described above under the heading "*Compensation Discussion and Analysis*". Alignment with shareholders is nonetheless achieved by awarding a significant portion of compensation in the form of equity-based incentives.

### **Summary of Employment Agreements**

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

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

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

For the financial year ended December 31, 2016, the Compensation and Nominating Committee and the Board approved an increase in Mr. Downie's annual base salary to \$468,000 and capped Mr. Downie's maximum bonus at 125% of his annual base salary. For the financial year ended December 31, 2016, Mr. Downie received an annual cash bonus of \$435,240 representing 93% of his annual base salary.

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

Effective July 1, 2012, the Corporation entered into an employment agreement with Mr. Filipovic, the Chief Financial Officer of the Corporation. Pursuant to the employment agreement, Mr. Filipovic receives an annual base salary, which salary is subject to future reviews or adjustments by the President and Chief Executive Officer of the Corporation. Mr. Filipovic's employment agreement further provides that Mr. Filipovic is eligible to receive an annual incentive bonus, conditional upon the Corporation's overall operational and financial performance and Mr. Filipovic's achievement of certain personal performance criteria and milestones to be agreed annually between him and the President and Chief Executive Officer of the Corporation. Mr. Filipovic is also eligible to receive four weeks of paid vacation time each year.

For the financial year ended December 31, 2016, the Compensation and Nominating Committee and the Board approved an increase in Mr. Filipovic's annual base salary to \$300,000 and capped Mr. Filipovic's maximum bonus at 80% of his annual base salary. For the financial year ended December 31, 2016, Mr. Filipovic received an annual cash bonus of \$185,400 representing 61.8% of his annual base salary.

#### ***John Begeman***

Effective June 25, 2015, Premier Gold Mines USA, Inc. ("**Premier USA**"), a subsidiary of the Corporation, entered into an employment agreement with Mr. Begeman, which, among other things, governs his role as the Executive Chairman of the Corporation. Pursuant to the employment agreement, Mr. Begeman receives an annual base salary, which salary is subject to future reviews or adjustments by the board of directors of Premier USA. Mr. Begeman's employment agreement further provides that Mr.

Begeman is eligible to receive an annual incentive bonus, conditional upon Premier USA's and the Corporation's overall operational and financial performance and Mr. Begeman's achievement of certain personal performance criteria and milestones to be agreed annually between him and the board of directors of Premier USA, taking into consideration recommendations of the Board. Mr. Begeman is also eligible to receive four weeks of paid vacation time each year.

For the financial year ended December 31, 2016, the Compensation and Nominating Committee and the Board approved an increase in Mr. Begeman's annual base salary to US\$282,000 and capped Mr. Begeman's maximum bonus at 80% of his annual base salary. Mr. Begeman received an annual cash bonus of US\$170,328 representing 60.4% of his annual base salary.

### ***Stephen McGibbon***

Effective August 15, 2011, the Corporation entered into an employment agreement with Mr. McGibbon, the Executive Vice-President Corporate and Project Development of the Corporation. Pursuant to the employment agreement, Mr. McGibbon receives an annual base salary, which salary is subject to future reviews or adjustments by the President and Chief Executive Officer of the Corporation. Mr. McGibbon's employment agreement further provides that Mr. McGibbon is eligible to receive an annual incentive bonus, conditional upon the Corporation's overall operational and financial performance and Mr. McGibbon's achievement of certain personal performance criteria and milestones to be agreed annually between him and the President and Chief Executive Officer of the Corporation. Mr. McGibbon is also eligible to receive four weeks of paid vacation time each year.

For the financial year ended December 31, 2016, the President and Chief Executive Officer of the Corporation approved an increase in Mr. McGibbon's annual base salary to \$265,000 and capped Mr. McGibbon's maximum bonus at 80% of his annual base salary. For the financial year ended December 31, 2016, Mr. McGibbon received an annual cash bonus of \$160,060 representing 60.4% of his annual base salary.

### ***Charlie Ronkos***

Effective August 8, 2016, Premier USA, a subsidiary of the Corporation, entered into an employment agreement with Mr. Ronkos, which, among other things, governs his role as the Executive Vice-President Project Development, Americas of the Corporation. Pursuant to the employment agreement, Mr. Ronkos receives an annual base salary, which salary is subject to future reviews or adjustments by the President and Chief Executive Officer of the Corporation. Mr. Ronkos' employment agreement further provides that Mr. Ronkos is eligible to receive an annual incentive bonus, conditional upon Premier USA's and the Corporation's overall operational and financial performance and Mr. Ronkos' achievement of certain personal performance criteria and milestones to be agreed annually between him and the President and Chief Executive Officer of the Corporation. Mr. Ronkos is also eligible to receive four weeks of paid vacation time each year.

For the financial year ended December 31, 2016, Mr. Ronkos received an annual cash bonus of US\$69,552 representing 62.1% of his prorated annual base salary, based on a start date of August 8, 2016. In August 2016, Mr. Ronkos was also granted 200,000 Options (subject to vesting) to purchase Common Shares at an exercise price of \$4.78 per Common Share until August 8, 2021 as a retention bonus.

## Summary Compensation Table

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

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans <sup>(2)</sup>	Long-Term Incentive Plans			
Ewan Downie, President and Chief Executive Officer	2016	466,442	-	795,708	435,240	-	-	18,459 <sup>(4)</sup>	1,715,849
	2015	440,000	108,048 <sup>(3)</sup>	708,000	324,143	-	-	22,338 <sup>(5)</sup>	1,602,529
	2014	384,384	-	335,250	158,751	-	-	66,843 <sup>(6)</sup>	945,228
Steven Filipovic, Chief Financial Officer	2016	287,846	-	285,417	185,400	-	-	7,558 <sup>(7)</sup>	766,221
	2015	254,000	39,736 <sup>(3)</sup>	354,000	119,207	-	-	7,103 <sup>(7)</sup>	774,046
	2014	220,000	-	186,250	70,840	-	-	6,968 <sup>(7)</sup>	484,058
John Begeman <sup>(8)</sup> , Executive Chairman	2016	373,594 <sup>(9)</sup>	-	285,417	225,650 <sup>(10)</sup>	-	-	34,728 <sup>(11)</sup>	919,389
	2015	322,000 <sup>(9)</sup>	24,193 <sup>(3)</sup>	649,000	72,576 <sup>(10)</sup>	-	-	59,452 <sup>(12)</sup>	1,127,221
	2014	-	-	74,500	-	-	-	51,000 <sup>(13)</sup>	125,500
Stephen McGibbon, Executive Vice-President – Corporate & Project Development	2016	257,923	-	285,417	160,060	-	-	6,929 <sup>(14)</sup>	710,329
	2015	234,000	35,348 <sup>(3)</sup>	295,000	106,044	-	-	6,715 <sup>(14)</sup>	677,107
	2014	210,000	-	186,250	67,452	-	-	5,858 <sup>(14)</sup>	469,560
Charlie Ronkos <sup>(15)</sup> , Executive Vice-President – Project Development, Americas	2016	147,800 <sup>(16)</sup>	-	704,660	92,142 <sup>(17)</sup>	-	-	11,858 <sup>(18)</sup>	956,460
	2015	-	-	-	-	-	-	-	-
	2014	-	-	-	-	-	-	-	-

**Notes:**

- (1) The Corporation uses the Black-Scholes model to calculate the fair value of option-based awards on the grant date. The Corporation chose the Black-Scholes model because it is a widely recognized and utilized model for option pricing. The Black-Scholes model requires six key inputs: risk-free interest rate, exercise price of the Option, market price of the Common Shares at the date of grant, expected dividend yield, expected life and share price volatility, all of which, except for exercise price of the Option and market price of the Common Shares at the date of grant, are estimates of management. In calculating the fair value of Options granted during the financial year ended December 31, 2016, management assumed a risk-free interest rate of 0.807%, an exercise price of \$3.18, a market price of the Common Shares at the date of grant of \$3.18, an expected dividend yield of 0%, an expected life of 5 years and an average share price volatility of 65.27%. In calculating the fair value of Options granted during the financial year ended December 31, 2015, management assumed a risk-free interest rate of 0.8985%, an exercise price of \$2.19, a market price of the Common Shares at the date of grant of \$2.19, an expected dividend yield of 0%, an expected life of 5 years and an average share price volatility of 64.26%. In calculating the fair value of Options granted during the financial year ended December 31, 2014, management assumed a risk-free interest rate of 1.58%, an exercise price of \$2.83, a market price of the Common Shares at the date of grant of \$2.83, an expected dividend yield of 0%, an expected life of 5 years and an average share price volatility of 61.10%.
- (2) Represents annual cash bonus. See "Statement of Executive Compensation – Compensation Discussion and Analysis – Elements of Compensation Program – Cash Bonus". For the financial year ended December 31, 2015, 25% of the annual cash bonus was settled in RSUs.
- (3) Represents portion of annual cash bonus settled with RSUs, being 25% for the financial year ended December 31, 2015.
- (4) Comprised of \$10,120 in automobile benefits paid to Mr. Downie and \$8,339 in health benefit premiums paid on behalf of Mr. Downie.
- (5) Comprised of \$14,300 in automobile benefits paid to Mr. Downie and \$8,038 in health benefit premiums paid on behalf of Mr. Downie.
- (6) Comprised of \$51,000 in director's fees earned by Mr. Downie, \$8,035 in automobile benefits paid to Mr. Downie and \$7,808 in health benefit premiums paid on behalf of Mr. Downie.
- (7) Represents health benefit premiums paid on behalf of Mr. Filipovic.

- (8) Mr. Begeman was appointed as the Executive Chairman of the Corporation on June 25, 2015. Prior to this date, Mr. Begeman was a director of the Corporation.
- (9) Mr. Begeman's salary is paid in US dollars. The value shown was converted from US to Canadian dollars based on an exchange rate of 1.3248 for the financial year ended December 31, 2016 and based on an exchange rate of 1.215 for the financial year ended December 31, 2015.
- (10) Mr. Begeman's annual cash bonus is paid in US dollars. The value shown was converted from US to Canadian dollars based on an exchange rate of 1.3248 for the financial year ended December 31, 2016 and based on an exchange rate of 1.215 for the financial year ended December 31, 2015.
- (11) Represents health benefit premiums paid on behalf of Mr. Begeman.
- (12) Represents \$40,500 in director's fees earned by Mr. Begeman prior to his appointment as Executive Chairman of the Corporation, and \$18,952 in health benefit premiums paid on behalf of Mr. Begeman.
- (13) Represents director's fees earned by Mr. Begeman.
- (14) Represents health benefit premiums paid on behalf of Mr. McGibbon.
- (15) Mr. Ronkos was appointed as the Executive Vice-President – Project Development, Americas of the Corporation on August 8, 2016.
- (16) Mr. Ronkos' salary is paid in US dollars. The value shown was converted from US to Canadian dollars based on an exchange rate of 1.3248 for the financial year ended December 31, 2016.
- (17) Mr. Ronkos' annual cash bonus is paid in US dollars. The value shown was converted from US to Canadian dollars based on an exchange rate of 1.3248 for the financial year ended December 31, 2016.
- (18) Represents health benefit premiums paid on behalf of Mr. Ronkos.

## Incentive Plan Awards

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

The following table sets out all share-based awards and option-based awards outstanding as at December 31, 2016 for each Named Executive Officer in the most recently completed financial year.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Ewan Downie	75,000	4.45	August 13, 2017	-	-	-	-
	125,000	2.75	March 6, 2018	-	-	-	-
	225,000	2.83	August 29, 2019	-	-	-	-
	550,000	2.19	July 15, 2020	203,500	-	-	-
	460,000	3.18	March 21, 2021	-	-	-	-
Steven Filipovic	300,000	4.69	June 13, 2017	-	-	-	-
	25,000	4.45	August 13, 2017	-	-	-	-
	50,000	2.75	March 6, 2018	-	-	-	-
	100,000	1.79	August 8, 2018	77,000	-	-	-
	125,000	2.83	August 29, 2019	-	-	-	-
	300,000	2.19	July 15, 2020	111,000	-	-	-
John Begeman	165,000	3.18	March 21, 2021	-	-	-	-
	35,000	4.45	August 13, 2017	-	-	-	-
	50,000	1.79	August 8, 2018	38,500	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	550,000	2.19	July 15, 2020	203,500	-	-	-
Stephen McGibbon	165,000	3.18	March 21, 2021	-	-	-	-
	25,000	4.45	August 13, 2017	-	-	-	-
	40,000	2.75	March 6, 2018	-	-	-	-
	125,000	2.83	August 29, 2019	-	-	-	-
	250,000	2.19	July 15, 2020	92,500	-	-	-
Charlie Ronkos	165,000	3.18	March 21, 2021	-	-	-	-
	200,000 <sup>(2)</sup>	4.78	August 8, 2021	-	-	-	-

**Notes:**

- (1) Represents the aggregate dollar amount of in-the-money unexercised Options held at the end of the most recently completed financial year of the Corporation. The value of in-the-money unexercised Options is calculated based on the difference between the market value per Common Share as at December 30, 2016 (\$2.56) and the exercise price of the Option.
- (2) As at the date hereof, 100,000 of these Options remain subject to vesting conditions.

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

The following table sets forth certain information, for each Named Executive Officer, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2016.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
<b>Ewan Downie</b>	-	-	-
<b>Steven Filipovic</b>	-	-	-
<b>John Begeman</b>	-	-	-
<b>Stephen McGibbon</b>	-	-	-
<b>Charlie Ronkos</b>	-	-	-

**Notes:**

- (1) The exercise price of each of the Options which vested during the financial year ended December 31, 2016 was greater than or equal to the market price of the Common Shares on the vesting date.
- (2) Represents the aggregate value realized upon vesting of RSUs during the financial year ended December 31, 2016. The value realized upon vesting of RSUs during the year is calculated by multiplying the number of RSUs vested by the market price of the Common Shares on the vesting date.

**Termination and Change of Control Benefits**

Each Named Executive Officer has entered into an employment agreement with the Corporation. The following provides details of the termination and change of control benefits under the employment agreements with each of the Named Executive Officers as at December 31, 2016.

***Ewan Downie***

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

Further, all unvested Options previously granted to Mr. Downie shall immediately vest and become exercisable in the event that: (i) Mr. Downie's employment is terminated within 12 months following a Change of Control (as such term is defined in Mr. Downie's employment agreement), (ii) the Corporation makes any material change to the terms and conditions of Mr. Downie's employment within 12 months of a Change of Control, and Mr. Downie resigns his employment within 90 days of the Corporation implementing such change, or (iii) Mr. Downie refuses any offer of continued employment with any successor of the Corporation that occurs within 90 days following a Change of Control. Pursuant to Mr. Downie's employment agreement, Mr. Downie is eligible for the benefit of this accelerated vesting

provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options.

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

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

The estimated incremental payments, payables and benefits to Mr. Downie in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$1,840,349. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options held by Mr. Downie (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2016, Mr. Downie did not hold any RSUS.

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

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

Further, all unvested Options previously granted to Mr. Filipovic shall immediately vest and become exercisable in the event that: (i) Mr. Filipovic's employment is terminated within 12 months following a Change of Control (as such term is defined in Mr. Filipovic's employment agreement), (ii) the Corporation makes any material change to the terms and conditions of Mr. Filipovic's employment within 12 months of a Change of Control, and Mr. Filipovic resigns his employment within 90 days of the Corporation implementing such change, or (iii) Mr. Filipovic refuses any offer of continued employment with any successor of the Corporation that occurs within 90 days following a Change of Control. Pursuant to Mr. Filipovic's employment agreement, Mr. Filipovic is eligible for the benefit of this accelerated vesting provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options.

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

at least three months of written notice of his resignation, which notice may be waived in whole or in part by the Corporation in its sole discretion.

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

The estimated incremental payments, payables and benefits to Mr. Filipovic in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$959,459. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options held by Mr. Filipovic (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2016, Mr. Filipovic did not hold any RSUS.

### ***John Begeman***

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

Further, all unvested Options previously granted to Mr. Begeman shall immediately vest and become exercisable in the event that an Involuntary Termination (as such term is defined in Mr. Begeman's employment agreement) occurs within the 12-month period immediately following a Change of Control (as such term is defined in Mr. Begeman's employment agreement). Pursuant to Mr. Begeman's employment agreement, Mr. Begeman is eligible for the benefit of this accelerated vesting provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options.

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

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

The estimated incremental payments, payables and benefits to Mr. Begeman in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$1,370,201. Such amount

represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options held by Mr. Begeman (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2016, Mr. Begeman did not hold any RSUS.

***Stephen McGibbon***

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

Further, all unvested Options previously granted to Mr. McGibbon shall immediately vest and become exercisable in the event that: (i) Mr. McGibbon's employment is terminated within 12 months following a Change of Control (as such term is defined in Mr. McGibbon's employment agreement), or (ii) the Corporation makes any material change to the terms and conditions of Mr. McGibbon's employment within 12 months of a Change of Control, and Mr. McGibbon resigns his employment within 90 days of the Corporation implementing such change, or (iii) Mr. McGibbon refuses any offer of continued employment with any successor of the Corporation that occurs within 90 days following a Change of Control. Pursuant to Mr. McGibbon's employment agreement, Mr. McGibbon is eligible for the benefit of this accelerated vesting provision, notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options.

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

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

The estimated incremental payments, payables and benefits to Mr. McGibbon in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$845,310. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options held by Mr. McGibbon (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2016, Mr. McGibbon did not hold any RSUS.

***Charlie Ronkos***

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

Further, all unvested Options previously granted to Mr. Ronkos shall immediately vest and become exercisable in the event that an Involuntary Termination (as such term is defined in Mr. Ronkos' employment agreement) occurs within the 12-month period immediately following a Change of Control (as such term is defined in Mr. Ronkos' employment agreement). Pursuant to Mr. Ronkos' employment agreement, Mr. Ronkos is eligible for the benefit of this accelerated vesting provision notwithstanding any term or condition to the contrary in the Share Incentive Plan or in the applicable grant of Options.

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

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

The estimated incremental payments, payables and benefits to Mr. Ronkos in the event of termination of his employment without cause (including due to change of control), as if such event occurred on the last business day of the Corporation's most recently completed financial year, is \$948,628. Such amount represents a lump sum in terms of salary and bonus and the estimated cost of benefits but does not include the value of Options held by Mr. Ronkos (see "*Statement of Executive Compensation - Incentive Plan Awards*" above). As at December 31, 2016, Mr. Ronkos did not hold any RSUS.

**Director Compensation**

In addition to benefits realized from Options to purchase Common Shares and as otherwise disclosed herein, for the financial year ended December 31, 2016, each director of the Corporation earned an annual fee on the basis of the following criteria:

<b>Criterion</b>	<b>Annual Fees Paid for the Year Ended December 31, 2016</b>
Director of the Corporation	\$40,000
Member of one committee of the Board	\$5,000
Chair of a committee of the Board (other than the Audit Committee or the Compensation and Nominating Committee)	\$10,000
Chair of the Audit Committee of the Board	\$15,000
Chair of the Compensation and Nominating Committee of the Board	\$15,000

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

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

The following table sets forth a summary of all amounts of compensation provided to the directors of the Corporation, other than the Named Executive Officers, during the financial year of the Corporation ended December 31, 2016.

<b>Name<sup>(1)</sup></b>	<b>Fees Earned (\$)</b>	<b>Share-Based Awards (\$)</b>	<b>Option-Based Awards (\$)<sup>(2)</sup></b>	<b>Non-Equity Incentive Plan Compensation (\$)</b>	<b>Pension Value (\$)</b>	<b>All Other Compensation (\$)</b>	<b>Total (\$)</b>
<b>Claude Lemasson</b>	55,000	-	103,788	-	-	-	158,788
<b>Ron Little</b>	60,000	-	103,788	-	-	-	163,788
<b>Anthony Makuch<sup>(3)</sup></b>	27,500	-	148,881	-	-	-	176,381
<b>John Seaman</b>	65,000	-	103,788	-	-	-	168,788
<b>Michael Vitton</b>	60,000	-	103,788	-	-	-	163,788

**Notes:**

- (1) The director compensation table does not include information with respect to Mr. Downie who is the President and Chief Executive Officer and a director of the Corporation and with respect to Mr. Begeman who is the Executive Chairman and a director of the Corporation, each of whom were Named Executive Officers for the financial year ended December 31, 2016. Information with respect to the compensation paid to Mr. Downie and Mr. Begeman for the financial year ended December 31, 2016 is set out under the heading "Statement of Executive Compensation – Summary Compensation Table" above.
- (2) The Corporation uses the Black-Scholes model to calculate the fair value of option-based awards on the grant date. The Corporation chose the Black-Scholes model because it is a widely recognized and utilized model for option pricing. The Black-Scholes model requires six key inputs: risk-free interest rate (0.807%), exercise price of the Option (\$3.18), market price of the Common Shares at the date of grant (\$3.18), expected dividend yield (0%), expected life (5 years) and share price volatility (65.27%), all of which, except for exercise price of the Option and market price of the Common Shares at the date of grant, are estimates of management.
- (3) Mr. Makuch became a director of the Corporation on June 23, 2016.

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

The following table sets out all share-based and option-based awards outstanding as at December 31, 2016 for each director of the Corporation, other than the Named Executive Officers.

Name	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
Claude Lemasson	75,000	4.45	August 13, 2017	-	-	-	-
	50,000	1.79	August 8, 2018	38,500	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	27,750	-	-	-
	60,000	3.18	March 21, 2021	-	-	-	-
Ron Little	100,000	2.19	July 15, 2020	37,000	-	-	-
	60,000	3.18	March 21, 2021	-	-	-	-
Anthony Makuch <sup>(2)</sup>	83,000	3.30	June 23, 2021	-	-	-	-
John Seaman	35,000	4.45	August 13, 2017	-	-	-	-
	47,500	1.79	August 8, 2018	36,575	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	27,750	-	-	-
	60,000	3.18	March 21, 2021	-	-	-	-
Michael Vitton	250,000	1.40	December 18, 2018	290,000	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	27,750	-	-	-
	60,000	3.18	March 21, 2021	-	-	-	-

**Notes:**

- Represents the aggregate dollar amount of in-the-money unexercised Options held at the end of the most recently completed financial year of the Corporation. The value of in-the-money unexercised Options is calculated based on the difference between the market value per Common Share as at December 31, 2016 (\$2.56) and the exercise price of the Option.
- Mr. Makuch became a director of the Corporation on June 23, 2016.

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

The following table sets forth certain information for each director of the Corporation, other than the Named Executive Officers, regarding the value vested or earned in connection with incentive plan awards during the financial year of the Corporation ended December 31, 2016.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Claude Lemasson	-	-	-
Ron Little	-	-	-
Anthony Makuch <sup>(2)</sup>	-	-	-
John Seaman	-	-	-
Michael Vitton	-	-	-

**Notes:**

- The exercise price of each of the Options which vested during the financial year of the Corporation ended December 31, 2016 was greater than or equal to the market price of the Common Shares on the vesting date.
- Mr. Makuch became a director of the Corporation on June 23, 2016.

**Directors and Officers Liability Insurance**

The Corporation has directors and officers liability insurance for the benefit of the directors and officers of the Corporation, which provides coverage in the aggregate of \$40,000,000 in each policy year. The

deductible amount on the policy ranges from \$25,000 to \$50,000 and the total annual premium for the period of October 1, 2016 to October 1, 2017 is \$51,500.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth, as of December 31, 2016, information concerning securities authorized for issuance under equity compensation plans of the Corporation.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans <sup>(1)</sup>
Equity Compensation Plans Approved by Securityholders	9,393,900	\$3.04	10,533,419
Equity Compensation Plans Not Approved by Securityholders	Nil	Nil	Nil
Total	9,393,500	\$3.04	10,533,419

**Note:**

(1) Based on the aggregate number of securities remaining available for future issuance under the Share Option Plan (8,517,727), Share Purchase Plan (500,000), RSU Plan (1,015,692) and DSU Plan (500,000) as of December 31, 2016.

### Summary of the Share Incentive Plan

The share incentive plan of the Corporation (the "**Share Incentive Plan**"), which consists of the share option plan (the "**Share Option Plan**") and the share purchase plan (the "**Share Purchase Plan**"), was amended and restated as of May 17, 2016.

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

As of the date hereof, Options to purchase an aggregate of 10,669,900 Common Shares (representing approximately 5.29% of the issued and outstanding Common Shares) are currently outstanding under the Share Option Plan. No Common Shares have been issued under the Share Purchase Plan.

#### *Purpose*

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

#### *Administration*

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

### ***Common Share Availability and Participation Limits***

The maximum number of Common Shares made available for the Share Purchase Plan is to be determined from time to time by the Committee but, in any case, cannot exceed 500,000 Common Shares in the aggregate and in no event may the aggregate number of Common Shares reserved for issuance pursuant to the provisions of the Share Purchase Plan exceed 500,000 Common Shares.

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

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

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

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

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

#### ***Participants***

The Share Purchase Plan permits eligible participants to make contributions toward the purchase of Common Shares and provides that the Corporation will match up to 25% of such contributions. Under the Share Purchase Plan, eligible participants includes the officers and employees (including both full-time and part-time employees) of the Corporation or of any designated affiliate of the Corporation and any person or corporation engaged to provide ongoing management or consulting services for the Corporation or a designated affiliate of the Corporation (or any employee of such person or corporation) who have been providing services to the Corporation or any designated affiliate of the Corporation for at least the

immediately preceding 12 months. The Committee has the right to waive such 12 month period or to determine that the Share Purchase Plan does not apply to any eligible employee or other participant.

*Contributions*

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

*Issuance of Common Shares*

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

*Termination of Employment or Services*

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

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

*Take-Over Bid*

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

## *Share Option Plan*

### *Participants*

The Share Option Plan provides for the grant of non-transferable options ("**Options**") for the purchase of Common Shares to eligible participants. Under the Share Option Plan, eligible participants includes the directors, officers and employees (including both full-time and part-time employees) of the Corporation or of any designated affiliate of the Corporation and any person or corporation engaged to provide ongoing management or consulting services for the Corporation or a designated affiliate of the Corporation (or any employee of such person or corporation). Subject to the provisions of the Share Incentive Plan, the Committee may from time to time determine the participants to whom Options may be granted, the number of Common Shares to be made subject to each Option granted, the expiry date of each Option granted, the exercise price of each Option granted and the other terms of each Option granted.

### *Exercise Price of Options*

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

### *Term of Options*

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

### *Vesting of Options*

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

### *Eligible Participants on Exercise*

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

- (a) in the case of an eligible employee, an officer of the Corporation or a designated affiliate of the Corporation or in the employment of the Corporation or a designated affiliate of the Corporation and has been continuously an officer or so employed since the date of the

grant of such Option, provided, however, that a leave of absence with the approval of the Corporation or such designated affiliate of the Corporation will not be considered an interruption of employment for purposes of the Share Option Plan;

- (b) in the case of an eligible director who is not also an eligible employee, a director of the Corporation or a designated affiliate of the Corporation and has been such a director continuously since the date of the grant of such Option; and
- (c) in the case of any other eligible participant, engaged, directly or indirectly, in providing ongoing management, consulting or other services for the Corporation or a designated affiliate of the Corporation and has been so engaged since the date of the grant of such Option.

#### *Lapsed Options*

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

#### *Effect of Death*

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

#### *Effect of Termination of Employment or Services*

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

*Acceleration on Take-Over Bid*

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

*Change of Control*

If, at the time of a change of control, the participant is an officer or employee of the Corporation or of any designated affiliate of the Corporation and, within 12 months of such change of control, the Corporation terminates the employment or services of said participant for any reason other than cause or an involuntary termination occurs with respect to such officer or employee of the Corporation or of any designated affiliate of the Corporation, then, on the date of such event of termination, all of the participant's Options shall immediately vest, if not already vested.

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

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

*Suspension, Termination or Amendments*

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

- (a) any amendment of a "housekeeping" nature;
- (b) any amendment to comply with the rules, policies, instruments and notices of any regulatory authority to which the Corporation is subject, including the TSX, or to otherwise comply with any applicable law or regulation;
- (c) any amendment to the vesting provisions of the Share Purchase Plan or the Share Option Plan, other than changes to the expiration date and the exercise price of an Option;
- (d) any amendment, with the consent of the optionee, to the terms of any Option previously granted to such optionee under the Share Option Plan;
- (e) any amendment to the provisions concerning the effect of the termination of a participant's employment or services on such participant's status under the Share Purchase Plan;
- (f) any amendment to the provisions concerning the effect of the termination of an optionee's position, employment or services on such optionee's status under the Share Option Plan;
- (g) any amendment to the contribution mechanics of the Share Purchase Plan;

- (h) any amendment respecting the administration or implementation of the Share Incentive Plan; and
- (i) any amendment to provide a cashless exercise feature to any Option or the Share Option Plan, provided that such amendment ensures the full deduction of the number of underlying Common Shares from the total number of Common Shares subject to the Share Option Plan.

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

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

***Assignability***

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

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

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

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

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

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

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

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

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

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

The RSU Plan allows for RSUs, of up to an aggregate of 1,100,000 Common Shares (representing approximately 0.55% of the issued and outstanding Common Shares (as at the record date)), to be granted to the participants under the RSU Plan. As of the date hereof, 386,308 RSUs have been granted under the RSU Plan, of which 84,308 RSUs vested and were immediately redeemed for Common Shares and 302,000 RSUs remain outstanding and have not yet vested.

### *Purpose*

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

### *Administration*

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

### *Granting of RSU Awards*

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

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

Subject to the absolute discretion of the Committee, the Committee may elect to credit, as a bonus for services rendered in the calendar year containing the payment date for cash dividends paid on the Common Shares (the "**Dividend Payment Date**"), a participant with additional RSUs. In such case, the number of additional RSUs so credited will be equal to (computed to two decimal places) the aggregate amount of dividends that would have been paid to the participant if the RSUs in the participant's account as of the record date for payment of such dividends (the "**Dividend Record Date**") had been Common Shares divided by the Market Value of a Common Share on the Dividend Payment Date. The additional

RSUs will vest on the participant's entitlement date of the particular RSU Award to which the additional RSUs relate.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The DSU Plan allows for DSUs, of up to an aggregate of 500,000 Common Shares (representing approximately 0.25% of the issued and outstanding Common Shares (as at the record date)), to be granted to the participants under the DSU Plan. As of the date hereof, no DSUs have been granted under the DSU Plan.

The DSUs of the Corporation provide for the payment of certain amounts, or the issuance of Common Shares, to the participants as described below. These Common Shares are to be issued from the same 10% rolling pool as the Common Shares issued under the Corporation's Share Incentive Plan and RSU Plan.

#### ***Purpose***

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

No holder of any DSUs shall have any rights as a shareholder of the Corporation. The rights of a DSU holder shall be no greater than the rights of an unsecured creditor of the Corporation. The Corporation

will not contribute any amounts to a third party or set aside any amounts to fund the benefits that will be provided under the DSU Plan.

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

### *Participants*

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

### *Administration*

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

### *Grant of Units and Vesting*

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

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

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

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

### ***Redemption***

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

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

### ***Transferability***

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

### ***Blackout Periods***

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

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

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

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

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

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

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

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

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

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

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

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

### Board of Directors

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

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

Name of Director	Independence	Board Meetings Attended	Other Reporting Issuers
John A. Begeman	Not independent	9 out of 9	African Gold Group, Inc. Yamana Gold Inc.
Ewan S. Downie	Not independent	9 out of 9	Wolfden Resources Corporation
Claude Lemasson	Independent	9 out of 9	Eastmain Resources Inc.
Ron Little	Independent	9 out of 9	Northern Graphite Corporation
Anthony Makuch	Independent	3 out of 4 <sup>(1)</sup>	Barkerville Gold Mines Ltd. Cordoba Minerals Corp. Kirkland Lake Gold Ltd.
John Seaman	Independent	9 out of 9	None
Michael Vitton	Independent	9 out of 9	None

**Note:**

(1) Mr. Makuch became a director of the Corporation on June 23, 2016.

For the financial year ended December 31, 2016, the independent directors of the Corporation held nine in-camera sessions (subsequent to the Board meetings) without members of management present in order to discuss the business of the Corporation.

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

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

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

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

### **Board Mandate**

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

- the strategic direction of the Corporation;

- identifying the principal business risks of the Corporation and ensuring that procedures and people are in place to appropriately manage these risks;
- succession planning, including appointing, training and monitoring senior management;
- a communications policy for the Corporation to facilitate communications with investors and other interested parties; and
- the integrity of the internal controls and procedures (including adequate management information systems and the oversight of the testing of internal controls) within the Corporation.

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

### **Position Descriptions**

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

### **Orientation and Continuing Education**

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

In October 2016, the Corporation held a two-day off-site strategy session for the directors of the Corporation. In addition to discussions regarding strategy, presentations were given to the directors of the Corporation on current issues regarding the business of the Corporation. The Corporation plans to organize similar strategy and educational sessions for its directors on an annual basis.

### **Ethical Business Conduct**

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

The directors of the Corporation as a whole ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer of the Corporation has a material interest by requiring such director or executive officer to disclose any potential

or actual conflicts of interest to the Chairman of the Corporation. If the Chairman determines that a conflict exists, such director or executive officer does not participate in the discussion or decisions regarding the transaction or agreements. Directors and executive officers of the Corporation are urged, where appropriate, to retain independent professional advice to ensure the fulfillment of their duties.

### **Nomination of Directors**

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

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

### **Compensation**

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

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

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

### **Other Board Committees**

In addition to the Audit Committee and the Compensation and Nominating Committee, the directors of the Corporation have established the Environmental, Health and Safety, and Corporate Responsibility Committee and the Corporate Governance Committee. The Environmental, Health and Safety, and Corporate Responsibility Committee is responsible for reviewing reports from management of the Corporation concerning the Corporation's compliance with applicable laws, rules, regulations and

standards of corporate conduct with respect to health, safety, environmental and corporate social responsibility matters.

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

Information regarding the Audit Committee, including the complete text of the charter of the Audit Committee, is set forth in the annual information form of the Corporation dated March 30, 2017 under the heading "*Audit Committee Disclosure*".

### **Assessments**

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

### **Majority Voting Policy**

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

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

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

fitness for service on the Board than age or term served. Further, the Compensation and Nominating Committee surveys each director individually prior to each meeting of shareholders at which directors are to be elected to determine whether each director has sufficient time to devote to his or her Board duties and whether there is any other reason for which such director does not believe he or she should stand for re-election. The Board believes that the above approach allows the Corporation to maintain an effective Board succession process.

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

The Corporation has not adopted a written policy relating to the identification and nomination of women directors. The members of the Board have diverse backgrounds and expertise and were selected on the belief that the Corporation and its stakeholders would benefit materially from such a broad range of talent and experience. As the need for new directors or executive officers arises, the Corporate Governance Committee and Compensation and Nominating Committee assess candidates on the basis of knowledge, industry experience, financial literacy, professional ethics and business acumen. While the Corporate Governance Committee and Compensation and Nominating Committee recognize the potential benefits from new perspectives that could manifest through greater gender diversity and recognizes that diversity can enhance culture and create value for the Corporation and its stakeholders, the Corporation has not formally adopted a written diversity policy.

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

The Compensation and Nominating Committee considers the level of representation of women as one of the factors in identifying and nominating candidates for election or re-election to the Board, by attempting to identify the most diverse (including gender-diverse) and inclusive pool of available candidates. The Corporation to date has sought to increase diversity at the Board level through the recruitment efforts of the Compensation and Nominating Committee and the Board remains receptive to increasing the representation of women on the Board, as director turnover occurs. The Compensation and Nominating Committee takes into consideration diversity (including gender diversity) as one of the many factors to maintain an appropriate mix and balance of diversity, attributes, skills and experience. The other factors that the Compensation and Nominating Committee considers are: the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess; the competencies and skills that the Board considers each existing director to possess; the competencies and skills each new nominee will bring to the Board; the time and energy of the proposed nominee to devote to the Board tasks; the independence of the proposed nominee; and the understanding by the proposed nominee of the nature of the business and operations of the Corporation. Ultimately, Board appointments are based on merit measured against objective criteria, having due regard to the benefits of diversity in board composition, with the goal of maximizing the effectiveness of corporate decision-making and fulfilling the best interests of stakeholders.

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

The Corporation does consider the level of representation of women in executive officer positions when making executive officer appointments. The Corporation also considers the skills and experience necessary for the position, as well as each individual candidate's competence, qualification, experience and performance regardless of gender, age, ethnic origin or other aspects of diversity when determining executive officer appointments. While the Corporation has not adopted a target regarding women in executive officer positions of the Corporation (discussed below), it is committed to advancing women, and other individuals representing a diversity of backgrounds, into leadership roles in the Corporation through mentoring, continuing educational development and succession planning processes.

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

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

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

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

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Further financial information is provided in the comparative financial statements and the management's discussion and analysis of the Corporation for its most recently completed financial year ended December 31, 2016, which have been filed on SEDAR. The Corporation will provide these documents to any shareholder of the Corporation, without charge, upon request to the Secretary of the Corporation.

### **APPROVAL**

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

DATED at Thunder Bay, Ontario as of this 23<sup>rd</sup> day of May, 2017.

BY ORDER OF THE BOARD

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