

**PREMIER GOLD MINES LIMITED**

1100 Russell Street  
Thunder Bay, Ontario  
P7B 5N2

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

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the "**Meeting**") of the shareholders of Premier Gold Mines Limited (the "**Corporation**") will be held at the Toronto Region Board of Trade, 1 First Canadian Place, Toronto, Ontario at 4:00 p.m. (Toronto time) on Thursday, June 23, 2016 for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended December 31, 2015 together with the report of the auditor thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor;
4. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve the unallocated options under the Corporation's share option plan, as more fully described in the accompanying management information circular;
5. to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve certain amendments to the Corporation's share incentive plan, as more fully described in the accompanying management information circular; and
6. 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 6, 2016 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 TMX Equity Transfer Services Inc., Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, no later than 4:00 p.m. (Toronto time) on Tuesday, June 21, 2016 (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 17<sup>th</sup> day of May, 2016.

BY ORDER OF THE BOARD

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

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

**May 17, 2016**

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

**This management information circular (the "Circular") is furnished in connection with the solicitation of proxies by the management of Premier Gold Mines Limited (the "Corporation")** for use at the annual and special meeting (the "**Meeting**") of the shareholders of the Corporation to be held at the Toronto Region Board of Trade, 1 First Canadian Place, Toronto, Ontario at 4:00 p.m. (Toronto time) on Thursday, June 23, 2016 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 TMX Equity Transfer Services Inc., Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, no later than 4:00 p.m. (Toronto time) on Tuesday, June 21, 2016 (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, TMX Equity Transfer Services Inc.

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 TMX Equity Transfer Services Inc., 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 or more 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 number of outstanding Common Shares. In the event that a quorum is not present at the time fixed for holding the Meeting, the Meeting shall stand adjourned to such date and to such time and place as may be determined by the shareholders present at the Meeting.

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

The board of directors (the "**Board**") of the Corporation has fixed May 6, 2016 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 6, 2016 will be entitled to vote at the Meeting and at all adjournments thereof.

As at May 6, 2016, there were 176,251,661 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, no person or company beneficially owns or controls or directs, 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.

## **BUSINESS OF THE MEETING**

### **1. Receiving the Financial Statements**

The financial statements of the Corporation for the financial year ended December 31, 2015 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, 2015 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:

<b>Name, Position and Province or State and Country of Residence</b>	<b>Principal Occupation, Business or Employment</b>	<b>Date Became Director</b>	<b>Number of Common Shares Beneficially Owned or Controlled or Directed<sup>(5)</sup></b>
<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 and is a Director of Yamana Gold Inc. and Aberdeen International. He served as the President, CEO and Director of Avion Gold Corporation from 2008 until 2012 and as Chief Operating Officer of Zinifex Canada Inc. (formerly Wolfden Resources Inc.), where he was responsible for managing the day-to-day operations of the company.	May 29, 2006	514,056 Common Shares
<b>Ewan S. Downie<sup>(4)</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	3,664,778 Common Shares
<b>Claude Lemasson<sup>(2)(3)(6)</sup></b> Director Ontario, Canada	President and Chief Executive Officer (Interim) 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	35,000 Common Shares
<b>Ronald Little<sup>(1)(2)(4)</sup></b> Director Ontario, Canada	President, Chief Executive Officer and Director of Orezone Gold Corporation since December 1, 2008. He is a 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 has 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	Nil

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>(5)</sup>
<b>Anthony Makuch</b> Nominee Ontario, Canada	Executive Vice President / President of Canadian Operations of Tahoe Resources Inc., Lake Shore Gold Division since April 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.	N/A	Nil
<b>John Seaman</b> <sup>(1)(3)(4)</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; and director and/or officer of various small-cap public companies.	May 29, 2006	133,205 Common Shares
<b>Michael Vitton</b> <sup>(1)(2)</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.	December 18, 2013	307,000 Common Shares

**Notes:**

- (1) Member of the Audit Committee of the Board.
- (2) Member of the Compensation and Nominating Committee of the Board.
- (3) Member of the Corporate Governance Committee of the Board.
- (4) Member of the Environmental, Health and Safety Committee of the Board.
- (5) The information as to the number of Common Shares beneficially owned or controlled or directed has been furnished by the respective nominee.
- (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.

Mr. Henry Knowles, a current director of the Corporation, has advised the Corporation that he will not be standing for election at the Meeting.

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.**

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

The share incentive plan of the Corporation (the "**Share Incentive Plan**"), which consists of the share option plan (the "**Share Option Plan**") and the share purchase plan (the "**Share Purchase Plan**"), was amended and restated as of May 17, 2016. The key terms of the Share Incentive Plan are summarized below under the heading "*Securities Authorized for Issuance Under Equity Compensation Plans - Summary of the Share Incentive Plan*", which summary is qualified in its entirety by the full text of the Share Incentive Plan attached to this Circular as Schedule "A".

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

As of the date hereof, there are 176,251,661 Common Shares issued and outstanding, meaning that the number of Common Shares available for issuance in connection with the grant of Options under the Share Option Plan, together with the aggregate number of Common Shares reserved for issuance under the Share Purchase Plan, the RSU Plan and the DSU Plan, would be 10% of that number (on a rolling basis) or 17,625,166 Common Shares. As of the date hereof, the Corporation has 12,858,467 Common Shares reserved for issuance in connection with the grant of Options under the Share Option Plan (representing approximately 7.30% of the issued and outstanding Common Shares), the Corporation has a maximum of 500,000 Common Shares reserved for issuance under its Share Purchase Plan (of which zero Common Shares have been issued to date), the Corporation has a maximum of 1,100,000 Common Shares reserved for issuance under its RSU Plan (of which 84,308 restricted share units ("**RSUs**") have been awarded to date and 84,308 Common Shares have been issued on vesting), and the Corporation has a maximum of 500,000 Common Shares reserved for issuance under its DSU Plan (of which zero deferred share units ("**DSUs**") have been awarded to date) leaving 2,751,007 Common Shares currently available for issuance in connection with the future grant of Options under the Share Option Plan (representing approximately 1.56% of the issued and outstanding Common Shares) (the "**Unallocated Options**"). On May 17, 2016, the directors of the Corporation unanimously approved the Unallocated Options under the Share Option Plan, subject to shareholder approval.

At the Meeting, shareholders of the Corporation will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution to approve the Unallocated Options under the Share Option Plan (the "**Unallocated Options Resolution**"). This approval will be effective for three years from the date of the Meeting. However, if the Unallocated Options Resolution is not approved, any Unallocated Options under the Share Option Plan will not be available for future grants, previously granted Options will not be available for reallocation if they are cancelled prior to exercise, and the directors of the Corporation will have to consider alternative forms of long term, performance-based compensation in order to attract and retain qualified personnel. Whether or not the Unallocated Options Resolution is approved, all Options already granted and currently outstanding under the Share Option Plan will remain in effect.

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

**"BE IT RESOLVED THAT:**

1. all unallocated options, rights or other entitlements under the share option plan which forms a part of the amended and restated share incentive plan of the Corporation attached as Schedule "A" to the management information circular dated May 17, 2016 are hereby approved and the Corporation is authorized to continue granting options under the share option plan until June 23, 2019, which is the date that is three years from the date upon which shareholder approval is being sought; and
2. any director or officer of the Corporation be and is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution, including the filing of all necessary documents with regulatory authorities including the Toronto Stock Exchange."

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

**5. Approval of Amendments to the Share Incentive Plan**

The Compensation and Nominating Committee and the Board have recently reviewed the Share Incentive Plan. As a result of this review, the Board approved certain housekeeping and other appropriate amendments to the Share Incentive Plan on May 17, 2016 (the "**Share Incentive Plan Amendments**"). The Share Incentive Plan Amendments are subject to receipt of shareholder approval and final TSX approval.

The Share Incentive Plan Amendments include the following:

- definitions of "Affiliate" (see section 1.1(b)), "Change Affecting the Eligible Employee's Employment" (see section 1.01(h)), "Change of Control" (see section 1.01(i)), "Insider" (see section 1.01(t)), "Involuntary Termination" (see section 1.01(u)), "Non-Employee Director" (see section 1.01(w)), "Tax Act" (see section 1.01(jj)) and "TSX" (see section 1.01(kk)) have been added;
- the definition of "Basic Annual Salary" has been updated to include commissions and special compensation (see section 1.01(d));
- the definition of "Share Compensation Arrangement" has been updated (see section 1.01(ff));

- the administration provision has been amended to provide that costs incurred in connection with the Share Incentive Plan shall be for the account of the Corporation, or if determined by the Corporation, for the account of the Corporation and any designated affiliate of the Corporation (see section 2.02);
- participation limits have been added to provide that the maximum number of Common Shares issuable to non-employee directors pursuant to the Share Incentive Plan and any other share compensation arrangement is 1% of the total number of Common Shares then outstanding and 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 may not exceed a maximum grant value of \$150,000 worth of securities, of which the value of Options may not exceed \$100,000 per non-employee director (see section 2.06(d));
- the Corporation's contribution under the Share Purchase Plan has been reduced to up to 25% of the participant's contribution (see section 3.04);
- the aggregate contribution provision has been amended to provide that all contributions and Common Shares held pursuant to the Share Purchase Plan will be held on behalf of individual participants in their respective accounts (see section 3.05);
- upon the termination of the employment or services of a participant, the Corporation's contribution held in trust for the participant under the Share Purchase Plan will be paid to the participant instead of being returned and paid to the Corporation (see section 3.08(b));
- the necessary approvals provision has been amended to provide that if any Common Shares cannot be issued to any participant under the Share Purchase Plan, the Corporation's contribution then held in trust for the participant will be returned to the participant (see section 3.10);
- the effect of termination of employment or services provisions have been amended to reduce the number of days following termination that a participant may exercise his Options in situations of termination not for cause and to provide for the immediate forfeiture and cancellation of Options in situations other than a termination not for cause (see section 4.11);
- the vesting provisions upon a change of control have been amended from a single trigger provision to a double trigger provision (see section 4.14);
- the withholding taxes provision has been amended to allow the Corporation to require that the participant pay to the Corporation such amount as the Corporation is obliged to remit to the relevant tax authorities (see section 5.01);
- the amendment provisions contained within section 6.02 have been further restricted to include that the Board may not, without shareholder approval, make any amendment: (i) to the limits on non-employee director participation; (ii) to the definition of "Participant" under the Share Incentive Plan which would have the potential of narrowing, broadening or increasing insider participation; (iii) which allows for a purchase price discount under the Share Purchase Plan; (iv) to the amount of the Corporation's contribution under the Share Purchase Plan; and (v) to the amending provisions of the Share Incentive Plan (see section 6.02);

- the consolidation provision has been amended to provide that upon the occurrence of a consolidation, merger, amalgamation, arrangement, separation or transfer, the surviving or acquiring entity will substitute or replace similar options to purchase securities in such 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 (see section 6.07(b)); and
- the provision providing for participation through RRSPs and holding companies has been removed.

Other than the Share Incentive Plan Amendments, all of the other provisions of the Share Incentive Plan shall remain substantially unchanged and in full force and effect. The key terms of the Share Incentive Plan, including the Share Incentive Plan Amendments described above, are summarized below under the heading "*Securities Authorized for Issuance Under Equity Compensation Plans - Summary of the Share Incentive Plan*", which summary is qualified in its entirety by the full text of the Share Incentive Plan attached to this Circular as Schedule "A".

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

**"BE IT RESOLVED THAT:**

1. the amendments to the amended and restated share incentive plan of the Corporation attached as Schedule "A" to the management information circular dated May 17, 2016 (the "**Circular**"), as further described in the Circular, be and are hereby ratified and approved; and
2. any director or officer of the Corporation be and is hereby authorized and directed, acting for, in the name of and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered, such other documents and instruments, and to do or cause to be done all such acts and things, as may in the opinion of such director or officer of the Corporation be necessary or desirable to carry out the intent of the foregoing resolution, including the filing of all necessary documents with regulatory authorities including the Toronto Stock Exchange."

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

**OTHER BUSINESS**

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

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

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

## STATEMENT OF EXECUTIVE COMPENSATION

When used in this section, the term "NEO" or "Named Executive Officer" means each of the following individuals: (i) the Chief Executive Officer of the Corporation; (ii) the Chief Financial Officer of the Corporation; (iii) each of the three most highly compensated executive officers of the Corporation, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and (iv) each individual who would be an NEO under paragraph (iii) but for the fact that the individual was neither an executive officer of the Corporation or its subsidiaries, nor acting in a similar capacity, at the end of that financial year. For the financial year ended December 31, 2015, 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
- Eberhard Scherkus, Former Executive Chairman.

### 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 senior officers of the Corporation, annually recommending to the Board any incentive award to be made to the senior officers of the Corporation and comparing the total remuneration of the senior officers of the Corporation with the remuneration of peers in the same industry. The Compensation and Nominating Committee ensures that total compensation paid to the Named Executive Officers is fair, reasonable and consistent with the Corporation's compensation philosophy.

The Compensation and Nominating Committee is currently comprised of three members, being Messrs. Lemasson, Little 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 (Interim) 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 has been the President, Chief Executive Officer and a director of Orezone Resources Inc. and subsequently Orezone Gold Corporation since 1995. Mr. Little is also a director and a member of the Compensation and Nomination Committee of Northern Graphite Corporation.
- 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*

Subsequent to December 31, 2015, 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 for 2016 and beyond. 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 will review and consider 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.

### ***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 2015 peer group used by the Compensation and Nominating Committee in making its recommendations to the Board included the following 12 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>
Almaden Minerals Ltd.
Belo Sun Mining Corp.
Continental Gold Inc.
Dalradian Resources Inc.
Golden Queen Mining Co. Ltd.
Integra Gold Corp.

<b>Company</b>
International Tower Hill Mines Ltd.
Kaminak Gold Corporation
Pretium Resources Inc.
Rubicon Minerals Corporation
Sabina Gold & Silver Corp.
TMAC Resources Inc.

For the financial year ending December 31, 2016, the Corporation has established a new and slightly expanded peer group.

### ***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:

$$\text{Annual Cash Bonus} = A \times B \times [ (C \times D) + (E \times F) + (G \times H) + (I \times J) + (K \times L) ] / 100$$

where:

- A = Base Salary
- B = Maximum Bonus Rate
- C = Competency Appraisal Weighting
- D = Competency Appraisal Year End Rating
- E = Personal Targets Weighting
- F = Personal Targets Year End Rating
- G = Team Targets Weighting
- H = Team Targets Year End Rating
- I = Company Targets Weighting
- J = Company Targets Year End Rating
- K = Peer / Market Related Targets Weighting
- L = 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, 2015, 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, 2015, 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; and (iv) negotiation and completion of the Hardrock joint venture.

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, 2015, team targets varied for each Named Executive Officer but included, as applicable: (i) improvement of reporting processes; (ii) advancement of human resource related processes; (iii) relative performance of the Corporation; and (iv) meeting the Corporation's annual budget.

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 operational objectives for each property. For the financial year ended December 31, 2015, 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, 2015, 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, 2015, the Board set the 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 all of such Named Executive Officer's pre-established targets. Such 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	88.125	15	13.2
Personal Targets	100	10	10
Team Targets	87.5	20	17.5
Company Targets	63.75	30	19.13
Peer/Market Related Targets	75	25	18.75
Final Rating			.7858
Bonus % Achieved (Target 75% / Max 125%)			98.23%
Salary			\$440,000
Bonus Amount			\$432,190

**Steven Filipovic, Chief Financial Officer**

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Competency Appraisal	85.625	15	12.84
Personal Targets	100	10	10
Team Targets	87.5	20	17.5
Company Targets	63.75	30	19.13
Peer/Market Related Targets	75	25	18.75
Final Rating			.7822
Bonus % Achieved (Target 50% / Max 80%)			62.57%
Salary			\$254,000
Bonus Amount			\$158,943

**John Begeman, Executive Chairman**

<b>Evaluation Category</b>	<b>Year-End Rating</b>	<b>Weighting %</b>	<b>Final Rating</b>
Competency Appraisal	85	15	12.75
Personal Targets	82.5	10	8.25
Team Targets	81.25	20	16.25
Company Targets	63.75	30	19.13
Peer/Market Related Targets	75	25	18.75
Final Rating			.7513
Bonus % Achieved (Target 50% / Max 80%)			60.10%
Salary			US\$265,000
Bonus Amount			US\$159,276 <sup>1</sup>

**Note:**

(1) Bonus payment pro-rated to US\$79,638 based on start date of June 25, 2015.

**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	84.375	15	12.65
Personal Targets	87.5	10	8.75
Team Targets	81.25	20	16.25
Company Targets	63.75	30	19.13
Peer/Market Related Targets	75	25	18.75
Final Rating			.7553
Bonus % Achieved (Target 50% / Max 80%)			60.42%
Salary			\$234,000
Bonus Amount			\$141,392

### *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. For the financial year ended December 31, 2015, RSUs granted under the RSU Plan comprised 25% of the bonus compensation paid to each of the Named Executive Officers.

Long-term incentive compensation is provided through the granting of equity incentives under the Share Incentive Plan, which was established by the Corporation in June 2006 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. The Corporation also had a share bonus plan which was terminated in May 2015.

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 "*Business of the Meeting – Approval of Amendments to the Share Incentive Plan*" and "*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.

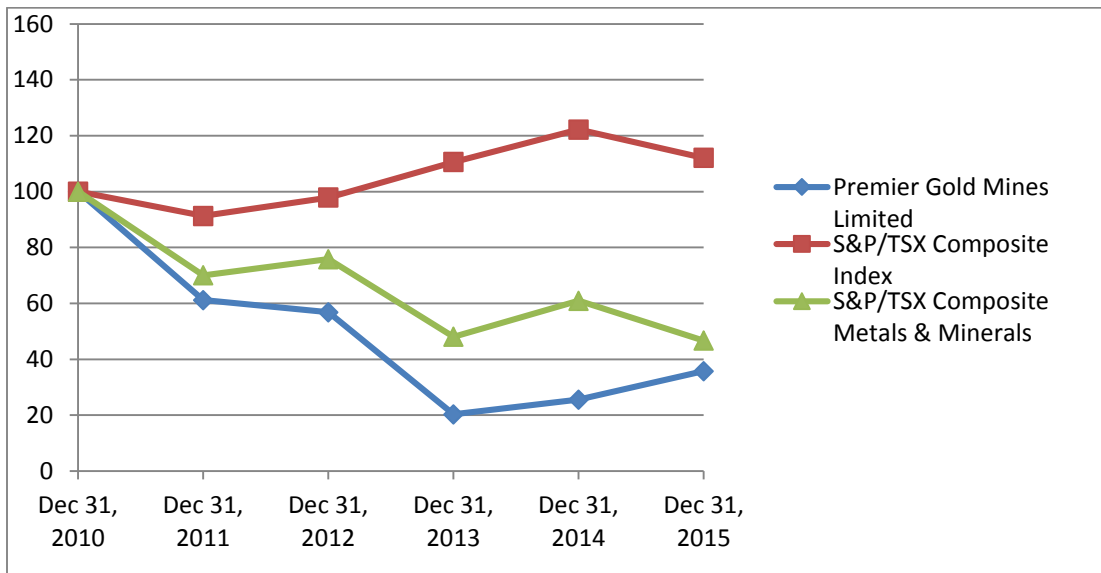
As a result of the factors discussed above, the Compensation and Nominating Committee does not believe that its compensation policies and practices are reasonably likely to have a material adverse effect on the Corporation.

### ***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 December 31, 2010 to December 31, 2015, 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 most recently completed financial year, 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, 2015. 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 2015 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 3.2% and 16.4% for the financial years ended December 31, 2013 and December 31, 2014 and increased between approximately 44.4% and 69.5% for the financial years ended December 31, 2014 and December 31, 2015. This increase 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, 2015 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 agreement, Mr. Downie receives an annual base salary of \$384,384, which is subject to future reviews or adjustments by the Board. The agreement further provides that Mr. Downie is eligible to receive an annual incentive bonus of up to 50% of his annual base salary, 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. In August 2011, Mr. Downie was also granted an additional 400,000 Options (subject to vesting) to purchase Common

Shares at an exercise price of \$6.05 per Common Share until August 15, 2016 as a retention bonus, which Options are now fully vested.

For the financial year ended December 31, 2015, the Compensation and Nominating Committee and the Board approved an increase in Mr. Downie's annual base salary to \$440,000 and an increase in Mr. Downie's maximum bonus to 125% of his annual base salary. For the financial year ended December 31, 2015, Mr. Downie received an annual cash bonus of \$432,190 (25% of which was settled in RSUs) representing 98.23% 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 agreement, Mr. Filipovic receives an annual base salary of \$220,000, which is subject to future reviews or adjustments by the President and Chief Executive Officer of the Corporation. The 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. In July 2012, Mr. Filipovic was also granted 300,000 Options (subject to vesting) to purchase Common Shares at an exercise price of \$4.69 per Common Share until July 1, 2017, which Options are now fully vested.

For the financial year ended December 31, 2015, the Compensation and Nominating Committee and the Board approved an increase in Mr. Filipovic's annual base salary to \$254,000 and an increase in Mr. Filipovic's maximum bonus to 80% of his annual base salary. For the financial year ended December 31, 2015, Mr. Filipovic received an annual cash bonus of \$158,943 (25% of which was settled in RSUs) representing 62.57% 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 agreement, Mr. Begeman receives an annual base salary of US\$265,000, which is subject to future reviews or adjustments by the board of directors of Premier USA. The 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. In July 2015, Mr. Begeman was also granted 500,000 Options (subject to vesting) to purchase Common Shares at an exercise price of \$2.19 per Common Share until July 15, 2020 as a retention bonus.

For the financial year ended December 31, 2015, Mr. Begeman received an annual cash bonus of US\$159,276 representing 60.10% of his annual base salary. Mr. Begeman's bonus payment was pro-rated to US\$79,638 (25% of which was settled in RSUs) based on a start date of June 25, 2015.

### ***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

agreement, Mr. McGibbon receives an annual base salary of \$210,000, which is subject to future reviews or adjustments by the President and Chief Executive Officer of the Corporation. The 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. In August 2011, Mr. McGibbon was also granted an additional 130,000 Options (subject to vesting) to purchase Common Shares at an exercise price of \$6.05 per Common Share until August 15, 2016 as a retention bonus, which Options are now fully vested.

For the financial year ended December 31, 2015, the President and Chief Executive Officer of the Corporation approved an increase in Mr. McGibbon's annual base salary to \$234,000 and an increase in Mr. McGibbon's maximum bonus to 80% of his annual base salary. For the financial year ended December 31, 2015, Mr. McGibbon received an annual cash bonus of \$141,392 (25% of which was settled in RSUs) representing 60.42% of his annual base salary.

### Summary Compensation Table

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

Name and Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	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	2015	440,000	108,048 <sup>(3)</sup>	708,000	324,143	-	-	22,338 <sup>(4)</sup>	1,602,529
	2014	384,384	-	335,250	158,751	-	-	66,843 <sup>(5)</sup>	945,228
	2013	384,384	61,261	342,000	61,261	-	-	66,695 <sup>(6)</sup>	915,601
Steven Filipovic, Chief Financial Officer	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
	2013	220,000	18,700	165,750	18,700	-	-	6,883 <sup>(7)</sup>	430,033
John Begeman <sup>(8)</sup> , Executive Chairman	2015	322,000 <sup>(9)</sup>	24,193 <sup>(3)</sup>	649,000	72,576 <sup>(10)</sup>	-	-	59,452 <sup>(11)</sup>	1,127,221
	2014	-	-	74,500	-	-	-	51,000 <sup>(12)</sup>	125,500
	2013	-	-	48,250	-	-	-	51,000 <sup>(12)</sup>	99,250
Stephen McGibbon, Executive Vice-President Corporate & Project Development	2015	234,000	35,348 <sup>(3)</sup>	295,000	106,044	-	-	6,715 <sup>(13)</sup>	677,107
	2014	210,000	-	186,250	67,452	-	-	5,858 <sup>(13)</sup>	469,560
	2013	210,000	17,850	151,900	17,850	-	-	5,804 <sup>(13)</sup>	403,404
Eberhard Scherkus <sup>(14)</sup> , Former Executive Chairman	2015	156,535	-	-	-	-	-	-	156,535
	2014	200,000	-	178,800	63,200	-	-	3,657 <sup>(15)</sup>	445,657
	2013	200,000	27,000	462,050	27,000	-	-	-	716,050

**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, 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%. In calculating the fair value of Options granted during the financial year ended December 31, 2013, management assumed a risk-free interest rate of 1.42%, an exercise price of \$2.75, a market price of the Common Shares at the date of grant of \$2.75, an expected dividend yield of 0%, an expected life of 5 years and an average share price volatility of 58.30%.

- (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 \$14,300 in automobile benefits paid to Mr. Downie and \$8,038 in health benefit premiums paid on behalf of Mr. Downie.
- (5) 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.
- (6) Comprised of \$51,000 in director's fees earned by Mr. Downie, \$7,995 in automobile benefits paid to Mr. Downie and \$7,700 in health benefit premiums paid to or 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 1.215.
- (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 1.215.
- (11) 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.
- (12) Represents director's fees earned by Mr. Begeman.
- (13) Represents health benefit premiums paid on behalf of Mr. McGibbon.
- (14) Mr. Scherkus ceased to be the Executive Chairman and a director of the Corporation on June 25, 2015.
- (15) Represents health benefit premiums paid on behalf of Mr. Scherkus.

## 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, 2015 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	150,000	6.01	July 28, 2016	-	-	-	-
	400,000	6.05	August 10, 2016	-	-	-	-
	75,000	4.45	August 13, 2017	-	-	-	-
	125,000	2.75	March 6, 2018	-	-	-	-
	175,000	1.79	August 8, 2018	148,750	-	-	-
	225,000	2.83	August 29, 2019	-	-	-	-
	600,000	2.19	July 15, 2020	270,000	-	-	-
Steven Filipovic	60,000	6.01	July 28, 2016	-	-	-	-
	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	85,000	-	-	-

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 (\$)
	125,000	2.83	August 29, 2019	-	-	-	-
	300,000	2.19	July 15, 2020	135,000	-	-	-
John Begeman	60,000	6.01	August 10, 2016	-	-	-	-
	35,000	4.45	August 13, 2017	-	-	-	-
	50,000	1.79	August 8, 2018	42,500	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	550,000	2.19	July 15, 2020	247,500	-	-	-
Stephen McGibbon	85,000	6.01	July 28, 2016	-	-	-	-
	130,000	6.05	August 10, 2016	-	-	-	-
	25,000	4.43	December 20, 2016	-	-	-	-
	25,000	4.45	August 13, 2017	-	-	-	-
	40,000	2.75	March 6, 2018	-	-	-	-
	100,000	1.79	August 8, 2018	85,000	-	-	-
	125,000	2.83	August 29, 2019	-	-	-	-
250,000	2.19	July 15, 2020	112,250	-	-	-	
Eberhard Scherkus <sup>(2)</sup>	550,000	4.50	May 8, 2017	-	-	-	-
	50,000	4.45	August 13, 2017	-	-	-	-
	250,000	2.75	March 6, 2018	-	-	-	-
	120,000	1.79	August 8, 2018	102,000	-	-	-
	120,000	2.83	August 29, 2019	-	-	-	-

**Notes:**

- (1) Represents the aggregate dollar amount of in-the-money unexercised Options held at the end of the most recently completed financial year of the Corporation. The value of in-the-money unexercised Options is calculated based on the difference between the market value per Common Share as at December 31, 2015 (\$2.64) and the exercise price of the Option.
- (2) Mr. Scherkus ceased to be the Executive Chairman and a director of the Corporation on June 25, 2015.

***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, 2015.

Name	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year <sup>(2)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Ewan Downie	-	108,048	-
Steven Filipovic	-	39,736	-
John Begeman	-	24,193	-
Stephen McGibbon	-	35,348	-
Eberhard Scherkus <sup>(3)</sup>	-	-	-

**Notes:**

- (1) The exercise price of each of the Options which vested during the financial year ended December 31, 2015 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, 2015. 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.
- (3) Mr. Scherkus ceased to be the Executive Chairman and a director of the Corporation on June 25, 2015.

## **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, 2015.

### ***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 \$1,515,618. 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).

***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 \$751,989. 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).

***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 the Corporation's obligations to Mr. Begeman 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. 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 \$875,374. 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).

### ***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 \$690,274. 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).

### **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, 2015, 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, 2015</b>
Director of the Corporation	\$36,000
Member of one committee of the Board	\$7,500
Member of more than one committee of the Board <sup>(1)</sup>	\$15,000
Chair of a committee of the Board (other than the audit committee)	\$15,000
Chair of the audit committee of the Board	\$15,000

**Note:**

(1) Maximum amount payable.

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 one year's basic directors' fees within two years of joining the Corporation.

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, 2015.

Name <sup>(1)</sup>	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Henry J. Knowles	51,000	-	88,500	-	-	-	139,500
Claude Lemasson	51,000	-	88,500	-	-	-	139,500
Ron Little <sup>(3)</sup>	25,500	-	118,000	-	-	-	143,500
John Seaman	51,000	-	88,500	-	-	-	139,500
Michael Vitton	51,000	-	88,500	-	-	-	139,500

**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, with respect to Mr. Begeman who is the Executive Chairman and a director of the Corporation and Mr. Scherkus who is the former Executive Chairman and a former director of the Corporation, each of whom were Named Executive Officers for the financial year ended December 31, 2015. Information with respect to the compensation paid to Mr. Downie, Mr. Begeman and Mr. Scherkus for the financial year ended December 31, 2015 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 (0.8985%), exercise price of the Option (\$2.19), market price of the Common Shares at the date of grant (\$2.19), expected dividend yield (0%), expected life (5 years) and share price volatility (64.26%), 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. Little became a director of the Corporation on July 15, 2015.

***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, 2015 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 (\$)
Henry J. Knowles	60,000	6.01	July 28, 2016	-	-	-	-
	35,000	4.45	August 13, 2017	-	-	-	-
	54,000	1.79	August 8, 2018	45,900	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	33,750	-	-	-
Claude Lemasson	75,000	4.45	August 13, 2017	-	-	-	-
	50,000	1.79	August 8, 2018	42,500	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	33,750	-	-	-
Ron Little <sup>(2)</sup>	100,000	2.19	July 15, 2020	45,000	-	-	-
John Seaman	60,000	6.01	July 28, 2016	-	-	-	-
	35,000	4.45	August 13, 2017	-	-	-	-
	47,500	1.79	August 8, 2018	40,375	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	33,750	-	-	-
Michael Vitton	250,000	1.40	December 18, 2018	310,000	-	-	-
	50,000	2.83	August 29, 2019	-	-	-	-
	75,000	2.19	July 15, 2020	33,750	-	-	-

**Notes:**

- (1) Represents the aggregate dollar amount of in-the-money unexercised Options held at the end of the most recently completed financial year of the Corporation. The value of in-the-money unexercised Options is calculated based on the difference between the market value per Common Share as at December 31, 2015 (\$2.64) and the exercise price of the Option.

(2) Mr. Little became a director of the Corporation on July 15, 2015.

### ***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, 2015.

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

**Notes:**

- (1) The exercise price of each of the Options which vested during the financial year of the Corporation ended December 31, 2015 was greater than or equal to the market price of the Common Shares on the vesting date.  
 (2) Mr. Little became a director of the Corporation on July 15, 2015.

### **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, 2015 to October 1, 2016 is \$89,649.

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

The following table sets forth, as of December 31, 2015, information concerning securities authorized for issuance under equity compensation plans of the Corporation.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans<sup>(1)</sup></b>
Equity Compensation Plans Approved by Securityholders	12,496,417	\$3.48	4,990,374
Equity Compensation Plans Not Approved by Securityholders	-	-	-
Total	12,496,417	\$3.48	4,990,374

**Note:**

- (1) Based on the aggregate number of securities remaining available for future issuance under the Share Option Plan (2,974,682), Share Purchase Plan (500,000), RSU Plan (1,015,692) and DSU Plan (500,000) as of December 31, 2015.

### **Summary of the Share Incentive Plan**

The Share Incentive Plan, which consists of the Share Option Plan and the Share Purchase Plan, was amended and restated as of May 17, 2016. The Corporation is seeking approval of the amendments to the



Share Incentive Plan at the Meeting. See "*Business of the Meeting - Approval of Amendments to the Share Incentive Plan*".

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 attached to this Circular as Schedule "A".

As of the date hereof, Options to purchase an aggregate of 12,858,467 Common Shares (representing approximately 7.30% 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 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 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 0.62% 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, 84,308 RSUs have been granted under the RSU Plan, of which all 84,308 vested and were immediately redeemed for Common Shares.

#### ***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 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 0.28% 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 would 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 interest 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 and 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**

As of the date hereof, no individual who is an employee, executive officer, director, former employee, former executive officer or former director of the Corporation, no nominee for election as a director of the Corporation and no associate of any such individual 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 to another entity where the indebtedness is, or at any time since the beginning of the most recently completed financial year of the Corporation 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.

### **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

#### **Board of Directors**

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

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

<b>Name of Director</b>	<b>Independence</b>	<b>Board Meetings Attended<sup>(1)</sup></b>	<b>Other Reporting Issuers</b>
John A. Begeman	Not independent	9 out of 9	Yamana Gold Inc. Aberdeen International Inc.
Ewan S. Downie	Not independent	9 out of 9	Wolfden Resources Corporation
Henry J. Knowles	Independent	9 out of 9	First Asset Active Credit Fund
Claude Lemasson	Independent	9 out of 9	Eastmain Resources Inc.
Ron Little	Independent	3 out of 3 <sup>(2)</sup>	Northern Graphite Corporation Orezone Gold Corporation
Anthony Makuch (Nominee)	Independent	N/A	Barkerville Gold Mines Ltd. Cordoba Minerals Corp.



Name of Director	Independence	Board Meetings Attended <sup>(1)</sup>	Other Reporting Issuers
John Seaman	Independent	9 out of 9	None
Michael Vitton	Independent	9 out of 9	None

**Notes:**

- (1) Mr. Scherkus ceased to be a director of the Corporation on June 25, 2015. From January 1, 2015 to June 25, 2015, Mr. Scherkus attended 6 out of 6 board meetings.
- (2) Mr. Little became a director of the Corporation on July 15, 2015.

For the financial year ended December 31, 2015, the independent directors of the Corporation held 8 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 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 September 2015, 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). 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 and Little. 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 Committee and the Corporate Governance Committee. The Environmental, Health and Safety Committee is responsible for reviewing the report from management of the Corporation regarding compliance with environmental laws and regulations in each of the jurisdictions in which the Corporation operates and ensuring that the Corporation carries on business in a socially responsible way in the best interests of its shareholders, employees and the communities in which it operates.

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, 2016 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, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election will promptly tender his or her resignation to the Board following the applicable shareholder's meeting. The Board will refer the resignation to the Compensation and Nominating Committee for consideration and the Compensation and Nominating Committee will recommend to the Board whether or not to accept it. The Board will act on the Compensation and Nominating Committee's recommendation within 90 days following the applicable shareholder's meeting and announce its decision via press release and notify the TSX of its decision in accordance with the applicable rules and policies of the TSX, after considering the factors considered by the Compensation and Nominating Committee and any other factors that the Board considers relevant. The Board is expected to accept a resignation except in situations where exceptional circumstances would warrant the director to continue to serve on the Board.

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

As set forth above under "*Business of the Meeting - Election of Directors*", each director (if 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 and Compensation and Nominating committees 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 transitioning from an exploration company to a development and production company. None (0%) of the directors on the Board are women. None (0%) of the executive officers of the Corporation are women. 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 nominee 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 would 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, 2015, 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 17<sup>th</sup> day of May, 2016.

BY ORDER OF THE BOARD

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

## Schedule "A"

### PREMIER GOLD MINES LIMITED

#### SHARE INCENTIVE PLAN AMENDED AND RESTATED AS OF MAY ~~19, 2015~~ 17, 2016

#### ARTICLE 1 DEFINITIONS AND INTERPRETATION

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

- (a) "Act" means the *Business Corporations Act* (Ontario) or its successor, as amended from time to time;
- (b) "Affiliate" means, subject to Section 1.02, any corporation that deals at non-arm's length with the Corporation for the purposes of the Tax Act;
- (c) ~~(b)~~ "Aggregate Contribution" means the aggregate of a Participant's Contribution and the Corporation's Contribution related to such Participant's Contribution;
- (d) ~~(e)~~ "Basic Annual Salary" means the basic annual remuneration of a Participant from the Corporation and its Designated Affiliates exclusive of any overtime pay, bonuses, commissions, special compensation or allowances (whether received in cash, securities or otherwise) of any kind whatsoever;
- (e) ~~(d)~~ "Blackout Period" means an interval of time during which (i) the then trading guidelines of the Corporation restrict one or more Participants from trading in securities of the Corporation or (ii) the Corporation has determined that one or more Participants may not trade in securities of the Corporation;
- (f) ~~(e)~~ "Blackout Period Expiry Date" means the date on which the applicable Blackout Period expires;
- (g) ~~(f)~~ "Business Day" means any day on which the Stock Exchange is open for trading;
- (h) "Change Affecting the Eligible Employee's Employment" in respect of an Eligible Employee shall have the meaning ascribed to the term "Change Affecting the Executive's Employment" in such Eligible Employee's Employment Contract, and otherwise shall mean the continued occurrence of any of the following conditions without the Eligible Employee's consent after the Eligible Employee has given the Corporation or the applicable Designated Affiliate written notice of such condition within thirty days following the initial existence of the condition, and the Corporation or the applicable Designated Affiliate, as applicable, has failed to cure such condition within 30 days of the date it received notice of the condition:
  - (i) any material change in the employment conditions of the Eligible Employee that would materially adversely affect the nature and status of the Eligible



Employee's duties and responsibilities, including, without limitation, any change in title, position or reporting relationship;

- (ii) a material reduction in the Eligible Employee's compensation package, including, without limitation, the Eligible Employee's base salary, incentive bonus or stock options in effect at the time of the Change of Control;
- (iii) any material failure by the Corporation to continue to provide the Eligible Employee with the benefits, allowances or perquisites substantially similar to those enjoyed by the Eligible Employee at the time of the Change of Control; or
- (iv) a material change in work location, or any other material change to the terms and conditions of the Eligible Employee's employment that is ultimately determined by a court of competent jurisdiction to constitute a constructive dismissal.

(i) "Change of Control" means the occurrence of any one or more of the following events:

- (i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, as a result of which the holders of Voting Securities prior to the completion of the transaction hold less than 50% of the outstanding Voting Securities of the successor corporation after completion of the transaction;
- (ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its Affiliates which have an aggregate book value greater than 30% of the book value of the assets, rights and properties of the Corporation and its Affiliates on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned Affiliate in the course of a reorganization of the assets of the Corporation and its Affiliates;
- (iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;
- (iv) any person, entity or group of persons or entities acting jointly or in concert (an "Acquiror") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or Affiliates of the Acquiror to cast or to direct the casting of 50% or more of the votes attached to all of the Corporation's outstanding Voting Securities which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);
- (v) as a result of or in connection with: (A) a contested election of directors, or (B) a consolidation, merger, amalgamation, arrangement or other

reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity (a "Transaction"), fewer than 50% of the directors of the Corporation are persons who were directors of the Corporation immediately prior to such election or the Transaction; or

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

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

- (j) ~~(g)~~ "Committee" shall mean the Directors or, if the Directors so determine in accordance with Section 2.03 of the Plan, the committee of the Directors authorized to administer the Plan;
- (k) ~~(h)~~ "Common Shares" shall mean the common shares of the Corporation, as adjusted in accordance with the provisions of article seven of the Plan from time to time;
- (l) ~~(i)~~ "Corporation" means Premier Gold Mines Limited, a corporation incorporated under the Act, and any successor corporation thereto;
- (m) ~~(j)~~ "Corporation's Contribution" means the amount the Corporation credits in respect of a Participant under Section 3.04 of the Plan;
- (n) ~~(k)~~ "Date of Termination" means the date of termination of employment or the date of termination of a contract for services set out in a notice of termination given by the Corporation or a Designated Affiliate and for greater certainty does not include, or mean the expiry date of, any period of time following such date of termination during which the Participant is in receipt of, or is entitled to be in receipt of, compensation in lieu of notice of termination or severance compensation;
- (o) ~~(l)~~ "Designated Affiliates" means the ~~a~~ Affiliates of the Corporation designated by the Committee for purposes of the Plan from time to time;
- (p) ~~(m)~~ "Directors" shall mean the board of directors of the Corporation from time to time;
- (q) ~~(n)~~ "Eligible Directors" shall mean the Directors or the directors of any Designated Affiliate from time to time;
- (r) ~~(o)~~ "Eligible Employees" shall mean employees and officers, whether Directors or not, and including both full-time and part-time employees, of the Corporation or any Designated Affiliate;
- (s) ~~(p)~~ "Employment Contract" means any contract between the Corporation or any Designated Affiliate and any Eligible Employee, Eligible Director or Other Participant relating to, or entered into in connection with, the employment of the Eligible Employee,

the appointment or election of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Corporation or a Designated Affiliate is a party with respect to the rights of such Participant in respect of a change in control of the Corporation or the termination of employment, appointment, election or engagement of such Participant;

- (f) "Insider" has the meaning given to term "insider" in Part I of the TSX Company Manual;
- (u) "Involuntary Termination" in respect of an Eligible Employee shall have the meaning ascribed to such term in such Eligible Employee's Employment Contract, and otherwise shall mean:
- (i) the termination by the Corporation or the applicable Designated Affiliate of the Eligible Employee's employment for any reason (other than the cessation of employment caused by the Eligible Employee's death or disability, or the Eligible Employee's termination of employment for just cause at any time during the twelve month period following a Change of Control);
- (ii) the resignation by the Eligible Employee of his or her employment within a ninety day period immediately following any Change Affecting the Eligible Employee's employment that occurs within the twelve (12) month period following a Change of Control; or
- (iii) the refusal by the Eligible Employee of any offer of continued employment with any successor of the Corporation that occurs within ninety (90) days following a Change of Control.
- (v) ~~(+)~~ "Issue Price" means the five-day weighted average price of the Common Shares on the Stock Exchange for the five business days preceding the date in respect of which Common Shares are being issued under the Share Purchase Plan;
- (w) "Non-Employee Director" means any individual who is a Director or a director of any Designated Affiliate and who is not otherwise a full-time or part-time employee of the Corporation or a Designated Affiliate;
- (x) ~~(+)~~ "Option" shall mean an option to purchase Common Shares granted pursuant to, or governed by, the Plan;
- (y) ~~(+)~~ "Optionee" shall mean a Participant to whom an Option has been granted pursuant to the Share Option Plan;
- (z) ~~(+)~~ "Option Period" shall mean the period of time during which the particular Option may be exercised, including as extended in accordance with Section 4.13 of the Plan;
- (aa) ~~(+)~~ "Other Participants" shall mean any person or corporation engaged to provide ongoing management or consulting services for the Corporation or a Designated Affiliate, or any employee of such person or corporation, other than an Eligible Director or an Eligible Employee;

- (bb)** ~~(v)~~ "Participant" with respect to the Share Purchase Plan, shall mean each Eligible Employee and Other Participant and with respect to the Share Option Plan, shall mean each Eligible Director, Eligible Employee and Other Participant;
- (cc)** ~~(w)~~ "Participant's Contribution" means the amount a Participant elects to contribute to the Share Purchase Plan under Section 3.03 of the Plan;
- (dd)** ~~(x)~~ "Plan" means this amended and restated share incentive plan which includes the Share Purchase Plan and the Share Option Plan;
- (ee)** ~~(y)~~ "Service Provider" means an employee or ~~i~~Insider of the Corporation or any Designated Affiliate and any other person or corporation engaged to provide ongoing management, consulting or other services for the Corporation or any Designated Affiliate;
- (ff)** ~~(z)~~ "Share Compensation Arrangement" means a ~~stockshare~~ option, ~~stockshare~~ option plan, employee ~~stockshare~~ purchase plan, restricted share unit plan, or any other compensation or incentive mechanism involving the issue or potential issue of securities of the Corporation to one or more Service Providers, including a share purchase from treasury which is financially assisted by the Corporation by way of a loan, guarantee or otherwise;
- (gg)** ~~(aa)~~ "Share Option Plan" means the share option plan described in article four of the Plan;
- (hh)** ~~(bb)~~ "Share Purchase Plan" means the share purchase plan described in article three of the Plan; ~~and~~
- (ii)** ~~(cc)~~ "Stock Exchange" means ~~The Toronto Stock Exchange~~the TSX, or, if the Common Shares are not then traded on ~~The Toronto Stock Exchange~~the TSX, such other principal market upon which the Common Shares are traded as designated by the Committee from time to time;
- (jj)** "Tax Act" means the Income Tax Act (Canada), together with any regulations thereto, as amended from time to time; and
- (kk)** "TSX" means the Toronto Stock Exchange.

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

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

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

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

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

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

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

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

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

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

- (a) the name and address of each Optionee;
- (b) the number of Common Shares subject to Options granted to each Optionee;
- (c) the aggregate number of Common Shares subject to Options;
- (d) the name and address of each Participant in the Share Purchase Plan;
- (e) the Participants' Contributions and the Corporation's Contributions in respect of each Participant; and
- (f) the number of Common Shares held in safekeeping for the account of each Participant under the Share Purchase Plan.

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

**Section 2.06 Maximum Number of Shares.**

- (a) **Share Purchase Plan:** The maximum number of Common Shares made available for the Share Purchase Plan shall be determined from time to time by the Committee but, in any case, shall not exceed 500,000 Common Shares in the aggregate (none of which have been issued as of May ~~19, 2015~~17, 2016) and in no event shall the aggregate number of Common Shares reserved for issue pursuant to the provisions of the Share Purchase Plan exceed 500,000 Common Shares.
- (b) **Share Option Plan:** The maximum number of Common Shares made available for the Share Option Plan ~~shall be determined from time to time by the Committee but, in any case,~~and all other Share Compensation Arrangements shall not exceed 10% of the total number of Common Shares then outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option.
- (c) The maximum number of Common Shares issuable to Insiders, at any time, pursuant to this Plan and any other Share Compensation Arrangement is 10% of the total number of Common Shares then outstanding. The maximum number of Common Shares issued to Insiders, within any one year period, pursuant to this Plan and any other Share Compensation Arrangement is 10% of the total number of Common Shares then outstanding.
- (d) The maximum number of Common Shares issuable to Non-Employee Directors, at any time, pursuant to this Plan and any other any other Share Compensation Arrangement is 1% of the total number of Common Shares then outstanding. The total annual grant to any one Non-Employee Director, within any one year period, pursuant to this Plan and any other Share Compensation Arrangement shall not exceed a maximum grant value of \$150,000 worth of securities, of which the value of Options shall not exceed \$100,000 per Non-Employee Director. For purposes of this Section 2.06(d), the value of securities granted under all Share Compensation Arrangements of the Corporation shall be determined using a generally-accepted valuation model.
- (e) For the purposes of Section 2.06(d), 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) ~~For purposes of this section 2.06, the number of Common Shares then outstanding shall mean the number of Common Shares outstanding on a non-diluted basis immediately prior to the proposed grant of the applicable Option or issue of Common Shares, as the case may be, excluding Common Shares issued pursuant to Share Compensation Arrangements over the preceding one year period.~~ the securities granted under the Share Compensation Arrangements to an Eligible Director who was also an officer of the Corporation at the time of grant but who subsequently became a Non-Employee Director.

### ARTICLE 3 SHARE PURCHASE PLAN

**Section 3.01 The Share Purchase Plan.** A share purchase plan is hereby established for Eligible Employees and Other Participants. The Share Purchase Plan shall become effective on a date to be determined by the Directors.

**Section 3.02 Participants.** Participants entitled to participate in the Share Purchase Plan shall be Eligible Employees or Other Participants who have been providing services to the Corporation or any Designated Affiliate for at least the immediately preceding 12 months. The Committee, shall have the right, in its absolute discretion, to waive such 12 month period or to determine that the Share Purchase Plan does not apply to any Eligible Employee or Other Participant.

**Section 3.03 Election to Participate in Share Purchase Plan and Participant's Contribution.**

- (a) Any Participant may elect to contribute money to the Share Purchase Plan in any calendar year if the Participant, prior to the end of the immediately preceding calendar year, delivers to the Corporation a written direction, in form and substance satisfactory to the Corporation authorizing the Corporation, to deduct from the ~~remuneration~~ Basic Annual Salary of the Participant the Participant's Contribution in equal instalments.
- (b) If, on December 31<sup>st</sup> of any year, a Participant has not been continuously providing service to the Corporation or any of its Designated Affiliates for at least the immediately preceding 12 months (unless such 12-month requirement is waived by the Committee), then, in the calendar quarter during which such Participant reaches six consecutive months of service, such Participant may elect to make a Participant's Contribution with respect to the balance of that calendar year, commencing at the beginning of the next calendar quarter, by delivering to the Corporation the written direction referred to in paragraph 3.03(a) above.
- (c) The Participant's Contribution shall not exceed 10% (unless changed by the Committee), before deductions, of the Basic Annual Salary of the Participant; provided that, in the event of any employee electing to make a Participant's Contribution for less than a full year in accordance with paragraph 3.03(b) above, his or her Basic Annual Salary shall be pro-rated for the balance of that calendar year.
- (d) No adjustment shall be made to the Participant's Contribution until the next succeeding calendar year, and then only if a new written direction shall have been delivered to the Corporation for such calendar year. The Participant's Contribution shall be held by the

Corporation in trust for the benefit of the Participant for the purposes of the Share Purchase Plan.

**Section 3.04 Corporation's Contribution.** Immediately prior to the date any Common Shares are issued to a Participant in accordance with Section 3.06 of the Plan, the Corporation will credit the Participant with and thereafter hold in trust for the Participant an amount equal to up to 25% of the Participant's Contribution then held in trust by the Corporation.

**Section 3.05 Aggregate Contribution.** The Corporation shall not be required to segregate the Aggregate Contribution from its own corporate funds or to pay interest thereon. All contributions and Common Shares held pursuant to the Share Purchase Plan shall be held on behalf of individual Participants in their respective Participant accounts. For greater certainty, all contributions and Common Shares shall be held by the Corporation as agent for the applicable Participant and all such funds and Common Shares shall at all times be vested in such Participant and such Participant shall be the beneficial owner of such funds and Common Shares.

**Section 3.06 Issue of Shares.**

- (a) 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 shall issue for the account of each Participant fully paid and non-assessable Common Shares equal in value to the Aggregate Contribution held in trust as of such date by the Corporation and the Aggregate Contribution shall be converted into Common Shares at the applicable Issue Price. If such conversion would result in the issue for the account of a Participant of a fraction of a Common Share, the Corporation will issue only such whole Common Shares as are issuable.
- (b) The Corporation shall hold any unused balance of the Aggregate Contribution in trust for the Participant until used in accordance with the Share Purchase Plan.

**Section 3.07 Safekeeping and Delivery of Shares.**

- (a) All Common Shares issued for the account of a Participant in accordance with Section 3.06 of the Plan will be held in safekeeping by the Corporation and will be delivered, subject as provided in the Share Purchase Plan, to such Participant at such time or times as are determined by the Corporation upon request of the Participant in a form acceptable to the Corporation. Any:
  - (i) cash dividends;
  - (ii) options or rights to purchase additional securities of the Corporation or any other corporation; or
  - (iii) any notice of meeting, proxy statement and proxy for any meeting of holders of Common Shares

received in respect of any Common Shares held in safekeeping on behalf of a Participant shall be received beneficially by the Participant and forwarded to such Participant, at his or her last address according to the register maintained under Section 2.04 of the Plan, and any other or additional Common Shares or other securities (by way of dividends or otherwise) received in respect of any Common Shares held in safekeeping on behalf of a



Participant shall also be received beneficially by the Participant and held in safekeeping and delivered to the Participant with delivery of the Common Shares in respect of which such additional Common Shares or other securities were issued.

- (b) 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 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 bid.

**Section 3.08 Termination of Employment or Services.** Unless otherwise determined by the Committee, if a Participant shall cease to be employed by, or provide services to, the Corporation or all Designated Affiliates for any reason (including disability or death) or shall receive notice from the Corporation of the termination of his or her contract of service or employment:

- (a) the Participant shall 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 shall be paid to the Participant or in the case of death of the Participant, the estate of the Participant; ~~(c) any portion of the Corporation's Contribution then held in trust for the Participant shall be returned and paid to the Corporation;~~ and
- (c) ~~(d)~~ any Common Shares then held in safekeeping for the Participant shall be delivered to the Participant or the estate of the Participant.

**Section 3.09 Election to Withdraw from Share Purchase Plan.** Any Participant may at any time elect to withdraw from the Share Purchase Plan. In order to withdraw the Participant must give at least two weeks' notice to the Corporation in writing in form and substance satisfactory to the Corporation directing the Corporation to cease deducting from the Participant's ~~remuneration~~ Basic Annual Salary the Participant's Contribution. Deductions will cease to be made commencing with the first pay date following expiry of the two week notice. The Participant's Contribution will continue to be held in trust. On the next following date for making the Corporation's Contribution the Corporation will credit the Participant with the pro rata amount of the Corporation's Contribution, calculated in accordance with Section 3.04 of the Plan. The issue and delivery of Common Shares will not be accelerated by such withdrawal but will occur on the date on which such Common Shares would otherwise have been issued in accordance with Section 3.06 of the Plan and delivered to the Participant in accordance with Section 3.07 of the Plan had the Participant not elected to withdraw from the Share Purchase Plan.

**Section 3.10 Necessary Approvals.** The obligation of the Corporation to issue and deliver any Common Shares in accordance with the Share Purchase Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Corporation. If any Common Shares cannot be issued to any Participant under the Share Purchase Plan for whatever reason, the obligation of the Corporation to issue such Common Shares shall terminate and any Participant's Contribution and Corporation's Contribution held in trust for a Participant shall be returned to the Participant without interest.

**ARTICLE 4**  
**SHARE OPTION PLAN**

**Section 4.01 The Share Option Plan and Participants.** A share option plan is hereby established for Eligible Directors, Eligible Employees and Other Participants.

**Section 4.02 Option Notice or Agreement.** Each Option granted to a Participant shall be evidenced by a stock option notice or stock option agreement setting out terms and conditions consistent with the provisions of the Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.

**Section 4.03 Exercise Price.** The price per share at which any Common Share which is the subject of an Option may be purchased shall be determined by the Committee at the time the Option is granted, provided that such price shall be not less than the closing price of the Common Shares on the Stock Exchange on the last trading day immediately preceding the date of the grant of such Option.

**Section 4.04 Term of Option.** The Option Period for each Option shall be such period of time as shall be determined by the Committee, subject to amendment by an Employment Contract, provided that, subject to Section 4.13 of the Plan, in no event shall an Option Period exceed 10 years.

**Section 4.05 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.

**Section 4.06 Limit on Options to be Exercised.** Except as otherwise specifically provided in any Employment Contract or in Section 4.09, [Section 4.11 or Section 4.14](#) of the Plan, Options may be exercised (in each case to the nearest full share) during the Option Period only in accordance with the vesting schedule, if any, determined by the Committee, in its sole and absolute discretion, at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option shall be exercisable in whole at any time, or in part from time to time, during the Option Period.

**Section 4.07 Eligible Participants on Exercise.** Subject to Section 4.06 of the Plan, an Option may be exercised by the Optionee in whole at any time, or in part from time to time, during the Option Period, provided however that, except as otherwise specifically provided in Section 4.10 or Section 4.11 of the Plan or in any Employment Contract, no Option may be exercised unless the Optionee at the time of exercise thereof is:

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

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

**Section 4.08 Payment of Exercise Price.** The issue of Common Shares on exercise of any Option shall be contingent upon receipt by the Corporation of payment of the aggregate purchase price for the Common Shares in respect of which the Option has been exercised by cash or certified cheque delivered to the registered office of the Corporation together with a validly completed notice of exercise, and funds necessary to satisfy any withholding tax obligation of the Corporation or any Designated Affiliate. No Optionee or legal representative, legatee or distributee of any Optionee will be, or will be deemed to be, a holder of any Common Shares with respect to which such Optionee was granted an Option, unless and until a certificate for such Common Shares is issued to such Optionee, or them, under the terms of the Share Option Plan. Subject to Section 4.12 of the Plan, upon an Optionee exercising an Option and paying the Corporation the aggregate purchase price for the Common Shares in respect of which the Option has been exercised, the Corporation shall as soon as practicable issue and deliver a certificate representing the Common Shares so purchased.

**Section 4.09 Acceleration on Take-over Bid.** If there is a take-over bid (within the meaning of the *Securities Act* (Ontario)) made for all or a portion of the outstanding Common Shares, then the Committee may, by resolution, permit all Options outstanding to become immediately exercisable, notwithstanding Section 4.06 of the Plan or any term or condition of any Option, in order to permit Common Shares issuable under such Options to be tendered to such bid.

**Section 4.10 Effect of Death.** If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Corporation or Designated Affiliate on behalf of the Other Participant (in either case, for the purposes of this Section 4.10, the "deceased"), shall die, any Option held by such Participant or Other Participant at the date of such death shall become immediately exercisable notwithstanding Section 4.06 of the Plan or any term or condition of such Option, and shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the deceased or the laws of descent and distribution until the expiration of the Option Period in respect of such Option (or such shorter period of time as is otherwise provided in an Employment Contract or the terms and conditions of any Option), but only to the extent that such Optionee was entitled to exercise the Option at the date of the deceased's death in accordance with Section 4.06, Section 4.07 and Section 4.11 of the Plan.

**Section 4.11 Effect of Termination of Employment or Services.** ~~¶~~Subject to Section 4.14, if a Participant shall:

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

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

- (c) in situations of termination not for cause, such Participant may, but only within ~~120~~90 days (unless extended by the board of directors of the Corporation) following Termination, exercise his Options to the extent that such Participant was entitled to exercise such Options at the Date of Termination, or, in the case where there is no Date of Termination, at the date of Termination, and
- (d) in situations other than a termination not for cause, any Options held by such Participant ~~may, but only within 90 days following Termination, exercise his Options to the extent that such Participant was entitled to exercise such Options at the date of Termination~~on the date of such termination shall be forfeited and cancelled as of that date.

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

**Section 4.12 Necessary Approvals.** The obligation of the Corporation to issue and deliver any Common Shares in accordance with the Share Option Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Corporation. If any Common Shares cannot be issued to any Participant upon the exercise of an Option for whatever reason, the obligation of the Corporation to issue such Common Shares shall terminate and any exercise price paid to the Corporation in respect of the exercise of such Option shall be returned to the Participant.

**Section 4.13 Extension of Option Period.** Notwithstanding Section 4.04 of the Plan but subject to Section 4.07 and Section 4.11 of the Plan, the expiration date of an Option will be the date determined by the Committee, subject to amendment by an Employment Contract, unless such expiration date falls within a Blackout Period or within ten Business Days after a Blackout Period Expiry Date, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period Expiry Date.

**Section 4.14 Change of Control. If there is a Change of Control, and if, at the time of the Change of Control:**

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

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

**ARTICLE 5**  
**WITHHOLDING TAXES AND SECURITIES LAWS**  
**OF THE UNITED STATES OF AMERICA**

**Section 5.01 Withholding Taxes.** The Corporation or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Corporation or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Option or Common Share or other benefit under the Plan ~~including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of Common Shares to be issued upon the exercise of any Option, until such time as the Participant has paid.~~ In such circumstances, the Corporation or any Designated Affiliate ~~any amount which~~ may require that the Participant pay to the Corporation or ~~the any Designated Affiliate,~~ such amount as the Corporation or any Designated Affiliate is ~~required to withhold with respect to such taxes~~ obliged to remit to the relevant tax authorities in connection with any Option or Common Share or other benefit under the Plan. Alternatively, the Corporation or any Designated Affiliate shall have the right, in its discretion, to satisfy any such liability by the withholding of all or any portion of any payment to be made to the Participant (under this Plan or otherwise).

**Section 5.02 Securities Laws of the United States of America.** Neither the Options which may be granted pursuant to the provisions of the Share Option Plan nor the Common Shares which may be issued pursuant to the exercise of Options or participation in the Share Purchase Plan have been registered under the United States *Securities Act of 1933*, as amended (the "U.S. Act"), or under any securities law of any state of the United States of America. Accordingly, any Participant who is issued Common Shares or granted an Option in a transaction which is subject to the U.S. Act or the securities laws of any state of the United States of America may be required to represent, warrant, acknowledge and agree that:

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

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

"THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT GOOD DELIVERY OF THE COMMON SHARES

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

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

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

- (d) other than as contemplated by subsection 5.02(c) hereof, prior to making any disposition of any Common Shares acquired pursuant to the Plan which might be subject to the requirements of the U.S. Act, the Participant shall give written notice to the Corporation describing the manner of the proposed disposition and containing such other information as is necessary to enable counsel for the Corporation to determine whether registration under the U.S. Act or qualification under any securities laws of any state of the United States of America is required in connection with the proposed disposition and whether the proposed disposition is otherwise in compliance with such legislation and the regulations thereto;
- (e) other than as contemplated by subsection 5.02(c) hereof, the Participant will not attempt to effect any disposition of the Common Shares owned by the Participant and acquired pursuant to the Plan or of any interest therein which might be subject to the requirements of the U.S. Act in the absence of an effective registration statement relating thereto under the U.S. Act or an opinion of counsel satisfactory in form and substance to counsel for the Corporation that such disposition would not constitute a violation of the U.S. Act and then will only dispose of such Common Shares in the manner so proposed;

- (f) the Corporation may place a notation on the records of the Corporation to the effect that none of the Common Shares acquired by the Participant pursuant to the Plan shall be transferred unless the provisions of the Plan have been complied with; and
- (g) the effect of these restrictions on the disposition of the Common Shares acquired by the Participant pursuant to the Plan is such that the Participant may not be able to sell or otherwise dispose of such Common Shares for a considerable length of time in a transaction which is subject to the provisions of the U.S. Act other than as contemplated by subsection 5.02(c) hereof.

## ARTICLE 6 GENERAL

**Section 6.01 Effective Time of Plan.** The Plan shall become effective upon a date to be determined by the Directors, subject to Section 3.01 hereof in the case of the Share Purchase Plan.

~~Section 6.02 — Issuances to Insiders. In no event shall any security based compensation arrangement (within the meaning of section 613 of the Company Manual of The Toronto Stock Exchange as amended or superseded from time to time), together with all other previously established and proposed security based compensation arrangements of the Corporation, result in:~~

- ~~(a) — the number of Common Shares reserved for issue from treasury at any time pursuant to Options granted to insiders exceeding 10% of the issued and outstanding Common Shares; or~~
- ~~(b) — the issue from treasury to insiders, within a one year period, of a number of Common Shares which exceed 10% of the issued and outstanding Common Shares.~~

**Section 6.02 Section 6.03 Suspension, Termination or Amendments.** The Committee shall have the right

- (a) without the approval of the shareholders of the Corporation, to
  - (i) suspend or terminate (and to re-instate) the Share Purchase Plan or the Share Option Plan, and
  - (ii) subject to Section ~~6.03~~6.02(b) of the Plan, make any amendments to the Plan, including but not limited to, the following amendments:
    - A. any amendment of a "housekeeping" nature, including, without limitation, amending the wording of any provision of the Plan for the purpose of clarifying the meaning of existing provisions or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan, correcting grammatical or typographical errors and amending the definitions contained within the Plan,
    - B. any amendment to comply with the rules, policies, instruments and notices of any regulatory authority to which the Corporation is subject, including the Stock Exchange, or to otherwise comply with any applicable law or regulation,

- C. any amendment to the vesting provisions of the Share Purchase Plan or the Share Option Plan,
- D. other than changes to the expiration date and the exercise price of an Option as described in subparagraph ~~7.03~~6.02(b)(iii) and subparagraph ~~7.03~~6.02(b)(iv) of the Plan, any amendment, with the consent of the Optionee, to the terms of any Option previously granted to such Optionee under the 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 categories of persons who are Participants,~~
- G. ~~H.~~ any amendment to the contribution mechanics of the Share Purchase Plan,
- H. ~~I.~~ any amendment respecting the administration or implementation of the Plan, and
- I. ~~J.~~ 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;

and

- (b) with the approval of the shareholders of the Corporation by ordinary resolution, to make ~~any amendment~~the following amendments to the Plan ~~not contemplated by paragraph 6.03(a) of the Plan, including, but not limited to:~~
  - (i) any change to the number of Common Shares issuable from treasury under the Plan, including an increase to the fixed maximum number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage, other than an adjustment pursuant to Section ~~6.08~~6.06 of the Plan,
  - (ii) any amendment which would change the number of days set out in Section 4.13 of the Plan with respect to the extension of the expiration date of Options expiring during or immediately following a Blackout Period,
  - (iii) any amendment which reduces the exercise price of any Option, other than an adjustment pursuant to Section ~~6.08~~6.06 of the Plan,
  - (iv) any amendment which extends the expiry date of an Option other than as then permitted under the Share Option Plan,



- (v) any amendment which cancels any Option and replaces such Option with an Option which has a lower exercise price, other than an adjustment pursuant to Section ~~6.08~~6.06 of the Plan, ~~and~~
- (vi) any amendment which would permit Options to be transferred or assigned by any Participant other than as allowed by subsection ~~6.04~~6.03 of the Plan,
- (vii) any amendments to the limits on Non-Employee Director participation in Section 2.06(d) of the Plan,
- (viii) any amendment to the definition of "Participant" under the Plan which would have the potential of narrowing, broadening or increasing Insider participation,
- (ix) any amendment which allows for a purchase price discount under the Share Purchase Plan,
- (x) any amendment to the amount of the Corporation's Contribution under the Share Purchase Plan, and
- (xi) any amendments to this Section 6.02 of the Plan.

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

Section 6.03 ~~Section 6.04~~ **Non-Assignable.** No rights under the Plan and no Option awarded pursuant to the provisions of the Plan are assignable or transferable by any Participant other than pursuant to a will or by the laws of descent and distribution.

Section 6.04 ~~Section 6.05~~ **Rights as a Shareholder.** No Optionee shall have any rights as a shareholder of the Corporation with respect to any Common Shares which are the subject of an Option. No Optionee shall be entitled to receive any dividends, distributions or other rights declared for shareholders of the Corporation for which the record date is prior to the date of issue of certificates representing Common Shares.

Section 6.05 ~~Section 6.06~~ **No Contract of Employment.** Nothing contained in the Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Corporation or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in any of the Plan by a Participant shall be voluntary.

Section 6.06 Adjustment in Number of Shares Subject to the Plan. In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made to the awards granted under the Plan by the Committee, including without limitation, in:

- (a) the number of Common Shares available under the Plan;
- (b) the number of Common Shares subject to any Option; and

(c) the exercise price of the Common Shares subject to Options.

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

**Section 6.07 Consolidation, Merger, etc.** ~~Subject to Section 4.14, if~~ there is a consolidation, merger or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities or a transfer of all or substantially all of the assets of the Corporation to another entity:

- (a) each Participant for whom Common Shares are held in safekeeping under the Share Purchase Plan shall 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
- (b) ~~unless the Committee otherwise determines acting reasonably,~~ upon the ~~exercise of an Option under the Share Option Plan, the holder thereof shall be entitled to receive the securities, property or cash which the holder would have received upon~~occurrence of such consolidation, merger, amalgamation, arrangement, separation or transfer ~~if the holder had exercised the Option immediately prior to the effective time of such event, unless the Committee otherwise determines,~~ where the surviving or acquiring entity (the "Continuing Entity") is a corporation, then the Continuing Entity shall substitute or replace similar options to purchase securities in the Continuing Entity for the Options outstanding~~exercise of an Option~~ under the Share Option Plan on substantially the same terms and conditions as the Share Option Plan; provided that if surviving or acquiring entity is not a Corporation, the Committee shall determine the basis upon which such Option shall be exercisable.

~~Section 6.08 — Adjustment in Number of Shares Subject to the Plan.~~ In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made to the awards granted under the Plan by the Committee, including without limitation, in:

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

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

**Section 6.08** ~~Section 6.09 — Securities Exchange Take-over Bid.~~ In the event that the Corporation becomes the subject of a take-over bid (within the meaning of the *Securities Act* (Ontario)) pursuant to which 100% of the outstanding Common Shares are acquired by the offeror either directly or as a result of the compulsory acquisition provisions of the Act, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all Optionees requiring them to surrender their Options within 10 days of the mailing of such notice, and the Optionees shall be deemed

to have surrendered such Options on the tenth day after the mailing of such notice without further formality, provided that:

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

**Section 6.09** ~~Section 6.10~~ **No Representation or Warranty.** The Corporation makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of the Plan.

~~Section 6.11 — Participation through RRSP's and Holding Companies. Subject to the approval of the Committee, an Eligible Employee or Eligible Director may elect, at the time rights or Options are granted under the Plan, to participate in the Plan by holding any rights or Options granted under the Plan in a registered retirement savings plan established by such Eligible Employee or Eligible Director for the sole benefit of such Eligible Employee or Eligible Director or in a personal holding corporation controlled by such Eligible Employee or Eligible Director. For the purposes of this section 6.11, a personal holding corporation shall be deemed to be controlled by an Eligible Employee or Eligible Director if (i) voting securities carrying more than 50% of the votes for the election of directors of such corporation are held, otherwise than by way of security only, by or for the benefit of such Eligible Employee or Eligible Director and the votes carried by such voting securities are entitled, if exercised, to elect a majority of the board of directors of such corporation, and (ii) all of the equity securities of such corporation are directly or indirectly held, otherwise than by way of security only, by or for the benefit of such Eligible Employee or Eligible Director and/or his or her spouse, children or grandchildren. In the event that an Eligible Employee or Eligible Director elects to hold the rights or Options granted under the Plan in a registered retirement savings plan or personal holding corporation, the provisions of the Plan shall continue to apply as if the Eligible Employee or Eligible Director held such rights or Options directly.~~

**Section 6.10** ~~Section 6.12~~ **Compliance with Applicable Law.** If any provision of the Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction over the securities of the Corporation, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

**Section 6.11** ~~Section 6.13~~ **Interpretation.** This Plan shall be governed by and construed in accordance with the laws of the Province of Ontario.