



**YELLOWHEAD  
MINING INC.**

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

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**April 4, 2017**

Yellowhead Mining Inc.'s Annual General and Special Meeting will be held on Wednesday, May 10, 2017 at 9:30 am Mountain Time at 4900 Eighth Avenue Place, 525 - 8th Avenue SW, Calgary, Alberta





## YELLOWHEAD MINING INC.

4900 Eighth Avenue Place | 525 - 8th Avenue SW | Calgary, Alberta | T2P 1G2  
Telephone: (403) 294-0101

### NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the Annual General and Special Meeting of the shareholders of Yellowhead Mining Inc. (the “Company”) will be held at 4900 Eighth Avenue Place, 525 - 8th Avenue SW, Calgary, Alberta, on Wednesday, May 10, 2017, 2016 at 9:30 a.m. Mountain Time (“MT”) (the “Meeting”) for the following purposes:

1. to receive and consider the report of the Directors;
2. to receive and consider the audited consolidated financial statements of the Company for the financial year ended December 31, 2016, together with the auditor’s report thereon;
3. to fix the number of Directors for the ensuing year at four (4);
4. to elect four (4) Directors to hold office until the next annual meeting of shareholders;
5. to appoint an external auditor for the Company and to authorize the directors of the Company to fix their remuneration;
6. to approve amendments to the Company’s Incentive Stock Option Plan, all as more particularly described in the accompanying management proxy circular and set forth in Schedule A thereto;
7. to consider and, if deemed appropriate, to pass a special resolution to approve a consolidation of the Company’s issued and outstanding shares on the basis of up to twelve (12) old common shares for one (1) new common share, and further authorizing the Company’s directors to determine when and if to effect any such consolidation; and
8. to transact such other business as may properly come before the Meeting, or any adjournment or adjournments thereof.

Accompanying this Notice of Meeting are: (1) a Management Information Circular, which provides additional information relating to the matters to be dealt with at the Meeting; (2) a Form of Proxy (“Proxy”) or Voting Instruction Form (“VIF”); (3) a return envelope for use by the shareholders to send in their Proxy or VIF; (4) the Company’s audited consolidated financial statements and management’s discussion and analysis (“MD&A”) for the financial year ended December 31, 2016, if requested; and (5) a financial statement request form for use by shareholders who wish to receive the Company’s future annual reports and/or interim financial statements and MD&A.

The record date for the determination of the shareholders entitled to receive this Notice and to vote at the Meeting has been established as April 4, 2017.

Shareholders who cannot attend the Meeting in person may vote by proxy, if a registered shareholder, or provide voting instructions if a non-registered shareholder. Instructions for voting by registered shareholders

or providing voting instructions by non-registered shareholders by mail, by phone and over the internet are included in the Management Information Circular. To be valid, proxies must be received by Computershare Investor Services Inc., the Company's transfer agent, ("Computershare") at 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 by 9:30 a.m. MT on Monday, May 8, 2017. The Chairman of the Meeting has the discretion to accept late proxies.

If you are a non-registered shareholder and a non-objecting beneficial owner, and receive a VIF from Computershare, please complete and return the form in accordance with the instructions. If you do not complete and return the form in accordance with such instructions, you may lose your right to vote at the Meeting, either in person or by proxy.

If you are a non-registered shareholder and an objecting beneficial owner and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or such other intermediary. If you do not complete and return the materials in accordance with such instructions, you may lose your right to vote at the Meeting, either in person or by proxy.

Please advise Computershare of any change in your address.

**DATED** at the City of Vancouver, in the Province of British Columbia, as of the 4<sup>th</sup> day of April, 2017.

**BY ORDER OF THE BOARD**

*"Frank D. Wheatley"*

**Frank D. Wheatley**  
**Chief Executive Officer**

**MANAGEMENT INFORMATION CIRCULAR**  
**Dated as of April 4, 2017**

**THE MEETING**

**Date, Time and Place of the Annual General and Special Meeting**

The annual general and special meeting (the “**Meeting**”) of the common shareholders (the “**Shareholders**”) of Yellowhead Mining Inc. (the “**Company**”) will be held at 9:30 a.m. Mountain time (“**MT**”) on Wednesday, May 10, 2017 at 4900 Eighth Avenue Place, 525 - 8th Avenue SW, Calgary, Alberta.

Information contained in this management information circular (the “**Circular**”) is given as at March 31, 2017, unless otherwise indicated.

No person is authorized to give any information or to make any representation not contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company.

**Record Date**

The record date for determining Shareholders entitled to receive notice of and vote at the Meeting is April 4, 2017 (the “**Record Date**”). Shareholders of record as at the close of business on such date will be entitled to attend and vote at the Meeting, or any adjournment or postponement thereof, in the manner and subject to the procedures described in this Circular.

**SOLICITATION OF PROXIES**

**PROXY SOLICITATION**

**This Circular is furnished in connection with the solicitation of proxies being made by the management of the Company for use at the Meeting at the time and place and for the purposes set forth in the accompanying Notice of Meeting.** While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company.

All costs of this solicitation will be borne by the Company.

**VOTING INFORMATION**

**PROXY INSTRUCTIONS**

Shareholders who cannot attend the Meeting in person may vote by proxy, if a registered shareholder, or provide voting instructions as provided herein if a non-registered shareholder, either by mail, by phone or over the internet. Proxies and/or voting instructions must be received by Computershare Investor Services Inc., the Company’s transfer agent (“**Computershare**”) no later than 9:30 a.m. MT on Monday, May 8, 2017 at its Toronto office, 11<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1.

A proxy (“**Proxy**”) returned to Computershare will not be valid unless dated and signed by the shareholder or by the shareholder’s attorney duly authorized in writing or, if the shareholder is a company or association, the form of Proxy must be executed by an officer or by an attorney duly authorized in writing. If the form of Proxy or voting instruction form (“**VIF**”) is executed by an attorney for an individual shareholder or by an officer or attorney of a shareholder that is a company or association, documentation evidencing the power to execute the Proxy or VIF may be required with signing capacity stated. If not dated, the Proxy will be deemed to have been dated the date that it is mailed to shareholders.

The securities represented by Proxy will be voted or withheld from voting in accordance with the instructions of the shareholder on any ballot that may be called for and, if the shareholder specifies a choice with respect to any matter to be

acted upon, the securities will be voted accordingly. The form of Proxy confers discretionary authority upon the named proxyholder with respect to matters identified in the accompanying Notice of Meeting if a choice with respect to such matters is not specified. It is intended that the person designated by management in the form of Proxy will vote the securities represented by the Proxy **in favour of** each matter identified in the Proxy and for the nominees of management for directors and auditor.

The Proxy confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting. As at the date of this Circular, management is not aware of any amendments, variations, or other matters. If such should occur, the persons designated by management will vote thereon in accordance with their best judgment, exercising discretionary authority.

The Company is not sending proxy-related materials using notice-and-access this year.

## **APPOINTMENT OF PROXYHOLDER**

**A shareholder has the right to designate a person (who need not be a shareholder of the Company), other than T. Gregory Hawkins AND/OR Ryan Jennings, the Chairman and a director, and a director, respectively, of the Company and the management designees, to attend and act for the shareholder at the Meeting. If you are returning your Proxy to Computershare, such right may be exercised by inserting in the blank space provided in the enclosed form of Proxy the name of the person to be designated and striking out the names of the management designees or by completing another proper form of Proxy and delivering it to Computershare as provided above, or by phone or over the internet. If you are using the internet, you may designate another proxyholder by following the instructions on the website. It is not possible to appoint an alternative proxyholder by phone. If you appoint a proxyholder, other than the management designees, that proxyholder must attend and vote at the Meeting for your vote to be counted.**

## **REVOCAION OF PROXIES**

In addition to revocation in any manner permitted by law, you may revoke your Proxy by an instrument in writing signed by you as registered shareholder or by your attorney duly authorized in writing or if you are a representative of a registered shareholder that is a company or association, the instrument in writing must be executed by an officer or by an attorney duly authorized in writing, and deposited with the Company's registered office, c/o Fasken Martineau LLP, Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or, as to any matter in respect of which a vote shall not already have been cast pursuant to such Proxy, with the Chairman of the Meeting on the day of the Meeting, or at any adjournment thereof, and upon either of such deposits the Proxy is revoked. In addition, shareholders can also change their vote by phone or via the internet.

Only registered shareholders have the right to revoke a Proxy. Non-registered shareholders that wish to change their voting instructions must, in sufficient time in advance of the meeting, contact Computershare or their intermediary to arrange to change their voting instructions.

## **SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED SHAREHOLDERS**

**ONLY REGISTERED SHAREHOLDERS OR DULY APPOINTED PROXYHOLDERS ARE PERMITTED TO VOTE AT THE MEETING. MOST SHAREHOLDERS OF THE COMPANY ARE "NON-REGISTERED" SHAREHOLDERS BECAUSE THE SHARES THEY OWN ARE NOT REGISTERED IN THEIR NAMES BUT ARE INSTEAD REGISTERED IN THE NAME OF THE BROKERAGE FIRM, BANK OR TRUST COMPANY THROUGH WHICH THEY PURCHASED THE SHARES.**

More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of the person (the "Non-Registered Shareholder") but which are registered in the name of an intermediary (the "Intermediary") that the Non-Registered Shareholder deals with in respect of the shares. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or in the name of a clearing agency (such as The Canadian Depository of Securities Limited) of which the intermediary is a participant.

There are two kinds of Non-Registered Shareholders – those who object to their name being made known to the Company (called OBOs for “Objecting Beneficial Owners”) and those who do not object to the Company knowing who they are (called NOBOs for “Non-Objecting Beneficial Owners”).

The Company takes advantage of certain provisions of National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issue* (“NI 54-101”) which permit the Company to directly deliver proxy-related materials to NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a scannable VIF, together with the meeting materials, from the Company’s transfer agent, Computershare. These VIFs are to be completed and returned to Computershare in accordance with the instructions. Computershare is required to follow the voting instructions properly received from NOBOs. Computershare will tabulate the results of the VIFs received from NOBOs and will provide approval instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

Should a NOBO wish to attend and vote at the Meeting in person, the NOBO must insert the NOBO’s name (or such other person as the NOBO wishes to attend and vote on the NOBO’s behalf) in the blank space provided for that purpose on the VIF and return the completed VIF to Computershare or the NOBO must submit, to the Company or Computershare, any other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxy holder. In such circumstances with respect to proxies held by management in respect of securities owned by the NOBO so requesting, the Company must arrange, without expense to NOBO, to appoint the NOBO or a nominee of the NOBO as a proxy holder in respect of those securities. Under NI 54-101, if the Company appoints a NOBO or a nominee of the NOBO as a proxy holder as aforesaid, the NOBO or nominee of the NOBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101, if the Company appoints a NOBO or its nominee as proxy holder as aforesaid the Company must deposit the proxy within the timeframe specified above for the deposit of proxies if the Company obtains the instructions at least one (1) business day before the termination of that time. **If a NOBO or a nominee of the NOBO is approved as a proxy holder pursuant to such request, the appointed proxy holder will need to attend the Meeting in person in order for their votes to be counted.**

NOBOs that wish to change their vote must contact Computershare to arrange to change their vote in sufficient time in advance of the Meeting.

In accordance with the requirements of NI 54-101, **THE COMPANY HAS DISTRIBUTED COPIES OF THE MEETING MATERIALS TO THE INTERMEDIARIES FOR ONWARD DISTRIBUTION TO OBOs.** Intermediaries are required to forward the meeting materials to OBOs unless, in the case of certain proxy-related materials, the OBO has waived the right to receive them. Very often, intermediaries will use service companies to forward the meeting materials to OBOs. With those meeting materials, intermediaries or their service companies should provide OBOs with a “request for voting instruction form” which, when properly completed and signed by such OBO and returned to the intermediary or its service company, will constitute voting instructions which the intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the common shares that they beneficially own. The Company does not intend to pay for delivery of the proxy-related materials to OBOs, and as a result OBOs will not receive the proxy-related materials unless their intermediary assumes the cost of delivery.

Should an OBO wish to vote at the Meeting in person, the OBO must insert the OBO’s name (or such other person as the OBO wishes to attend and vote on the OBO’s behalf) in the blank space provided for that purpose on the request for voting instruction form and return the completed request for voting instruction form to the intermediary or its service provider or the OBO must submit, to their intermediary, any other document in writing that requests that the OBO or a nominee of the OBO be appointed as proxy holder. In such circumstances an intermediary who is the registered holder of, or holds a proxy in respect of, securities owned by an OBO is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or a nominee of the OBO as a proxy holder in respect of those securities. Under NI 54-101, if an intermediary appoints an OBO or the nominee of the OBO as a proxy holder as aforesaid, the OBO or nominee of the OBO, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of the intermediary, in respect of all matters that may come before the Meeting and any adjournment or continuance thereof, unless corporate law does not permit the giving of that authority. Pursuant to NI 54-101 an intermediary who appoints an OBO or its nominee as proxy holder as aforesaid is required under NI 54-101 to deposit the proxy within the timeframe specified

above for the deposit of proxies if the intermediary obtains the instructions at least one (1) business day before the termination of that time. **If the OBO or a nominee of the OBO is appointed a proxy holder pursuant to such request, the appointed proxy holder will need to attend the Meeting in person in order for their votes to be counted.**

These proxy related materials are being sent to both registered shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company has sent these proxy related materials directly to you, your name and address and information about your holdings of common shares have been obtained in accordance with applicable securities requirements from the intermediary on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

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

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at the date of this Circular, 123,757,157 common shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting. April 4, 2017 (the "Record Date") has been fixed by the directors of the Company as the record date for the purpose of determining those shareholders entitled to receive notice of and vote at the Meeting.

Shareholders of record on the Record Date are entitled to receive notice of and attend the Meeting and vote thereat on the basis of one vote for each common share held.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company as of the date of this Circular, other than as set out below:

<b>Name</b>	<b>Number of Common Shares</b>	<b>Percentage of Outstanding Common Shares</b>
Matco Investments Ltd.	47,846,445	38.66%
Taseko Mines Limited	22,896,264	18.50%

## **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

- 1. Presentation of Audited Financial Statements**
- 2. Appoint the Auditors**
- 3. Election of Directors**
- 4. Approval of Amendments to the Stock Option Plan**
- 5. Approval of the Share Consolidation**

## **AUDITED FINANCIAL STATEMENTS**

The audited financial statements for the financial year ended December 31, 2016 are available on the Company's website at [www.yellowheadmining.com](http://www.yellowheadmining.com) as well as on [www.sedar.com](http://www.sedar.com).



## APPOINTMENT OF EXTERNAL AUDITORS

In accordance with the recommendations of the Company's Audit Committee, the board of directors of the Company (the "Board") recommends that shareholders vote for the reappointment of Smythe LLP as the Company's auditors to hold office until the next annual general meeting of shareholders. Smythe LLP was first appointed as the Company's auditor on November 17, 2010.

## ELECTION OF DIRECTORS

The number of directors for the Company is set by ordinary resolution of the shareholders of the Company. There are currently four (4) directors of the Company. Management of the Company is seeking shareholder approval of an ordinary resolution determining the number of directors of the Company at four (4) for the ensuing year.

The following table sets out information regarding each of management's four (4) nominees for election as directors at the Meeting. Each director elected will hold office until the next annual general meeting or until his successor is duly elected or appointed, if his/her office is earlier vacated in accordance with the Articles of the Company, or if he/she becomes disqualified to act as a director. Management recommends that shareholders vote in favour of the following nominees:

### Nominees for Election as a Director

<b>Ryan Jennings</b>	Mr. Jennings has over ten years of financial experience in private equity, merchant banking and portfolio management. Mr. Jennings is currently a partner at Matco Capital Ltd., a private investment firm which specializes in providing capital and management expertise to companies in which it has an interest. Mr. Jennings is a director of several private operating and investment companies. He has earned a bachelor of commerce degree from the University of Alberta and is a CFA charter holder.		
Alberta, Canada Independent Director			
Principal Occupation: Managing Director, Matco Capital Ltd.			
Common Shares: Nil Stock Options: Nil			
<b>Board and Board Committees</b>	<b>Date Joined</b>	<b>2016 Meeting Attendance</b>	
Board of Directors	June 2014	4 of 4	100%
Audit Committee	June 2014	4 of 4	100%
Compensation Committee	June 2014	n/a	n/a
Corporate Governance and Nominating Committee	June 2014	n/a	n/a
<b>Glen Emerson Swail</b>	Mr. Swail is a Calgary based Chartered Accountant and business person with experience in several different industries including his role as a private equity managing director with oil and gas services, real estate investment, manufacturing, industrial sales and supply, construction and many other industry enterprises. Mr. Swail has director related experience with public companies and related filing regulations. Prior to his involvement with a private equity firm in Calgary, Mr. Swail was a senior partner with a local chartered accounting firm in Winnipeg.		
Alberta, Canada Independent Director			
Principal Occupation: President of Emerson Capital Corp.			
Common Shares: Nil Stock Options: Nil			
<b>Board and Board Committees</b>	<b>Date Joined</b>	<b>2016 Meeting Attendance</b>	
Board of Directors	June 2014	4 of 4	100%
Audit Committee	June 2014	4 of 4	100%

Compensation Committee	June 2014	n/a	n/a
Corporate Governance and Nominating Committee	June 2014	n/a	n/a

**T. Gregory Hawkins**

British Columbia, Canada

Related Director  
Chairman

Member, Institute of Corporate  
Directors

Principal Occupation:  
Consulting Geologist

Common Shares: 8,922,523  
Stock Options: 241,000

Mr. Hawkins has been involved in the mining exploration and investment industry since 1969. He has been variously responsible for the identification and/or delineation of ten mineral deposits in Canada, USA, Chile, Ghana, Mali and the Democratic Republic of Congo (then Zaire). In acting as founding project consultant and/or founding director of seven public and private exploration/development ventures, he has participated in or been responsible for the definition of at least one resource/reserve in every case with five cases resulting in production in the USA, Chile, Ghana, the Democratic Republic of Congo and Mali. In 1990, he started CME & Company, an international full service consultancy and contracting firm, which grew to include Spectral International Geophysics, Eagle Drilling and ATS Inc.

Board and Committees	Date Joined	2016 Meeting Attendance	
Board of Directors	November 2010	2 of 4	50%

**Ronald Mathison**

Alberta, Canada

Independent Director

Member, Institute of Corporate  
Directors

Principal Occupation:  
President and Chief Executive Officer of  
Matco Investments Ltd. and Matco  
Capital Ltd.

Common Shares: 47,846,445 (held through Matco Investments Ltd.)  
Stock Options: Nil

Mr. Mathison is the President and Chief Executive Officer of Matco Investments Ltd. and Matco Capital Ltd., private investment firms which specialize in providing capital and management expertise to companies in which they have an interest. Mr. Mathison has extensive experience in restructuring and financing Companies in both the public and private markets. He is a founder and Chairman of Calfrac Well Services Ltd., and also serves as Chairman of Western Energy Services Corp. Until 2000, Mr. Mathison was a director and principal of Peters & Co. Limited, an investment firm specializing in the oil and natural gas industry.

Board and Committees	Date Joined	2016 Meeting Attendance	
Board of Directors	November 2013	4 of 4	100%
Audit Committee	June 2016	2 of 2	100%

**Corporate Cease Trade Orders and Bankruptcies**

Except as set out below, no proposed Director of the Company:

- a) is, as of the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of a company (including the Company) that:
  - i. was the subject of a cease trade or similar 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 thirty consecutive days (an "Order") while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- ii. was subject to such an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer in the company that is the subject of the Order and which results from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
- b) is, at the date of this Circular, or has been within ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to holds its assets; or
- c) has, within ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manger or trustee appointed to hold the assets of the proposed director.

Mr. Mathison indirectly holds a controlling interest in Riverside Quays Limited Partnership ("RQLP"), a private Alberta limited partnership involved in the construction and sale of a 700-unit condominium project in Calgary, Alberta. Mr. Mathison was a director of Stateman Riverside Quays Ltd. ("SRQL"), the former general partner of RQLP. SRQL, without Mr. Mathison's authorization or approval, caused RQLP to default on its loan obligations to its lender and, on December 15, 2010, the lender obtained a court order appointing a receiver of SRQL and RQLP. Mr. Mathison subsequently arranged for the full payout of the loan to RQLP's lender and for the appointment of a new general partner of RQLP. The receiver of SRQL and RQLP has been discharged.

Mr. Mathison was a director of Telsa Exploration Ltd since April 2010. On July 25, 2016, he resigned as a director and the company was placed into receivership by its Canadian credit facility lender.

### **Penalties and Sanctions**

No proposed director of the Company has been subject to 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 been subject to any other penalties or sanctions imposed by a court, or regulatory body that would likely be considered important to a reasonable security holder in deciding to vote for a proposed director.

### **Indemnification**

The articles of the Company provide an indemnity to the directors and officers of the Company in certain circumstances. In addition, the Company has a director and officer insurance program in place along with indemnification agreements with each of its directors and officers. The indemnification agreements generally require that the Company indemnify and hold the indemnitees harmless to the greatest extent permitted by applicable law for liabilities arising out of the indemnitees' service to the Company as directors and officers, if the indemnitees acted honestly and in good faith with a view to the best interests of the Company and, with respect to criminal and administrative actions or proceedings, if the indemnitee had reasonable grounds for believing that his or her conduct was lawful. The indemnification agreements also provide that the Company advance defence expenses to the indemnitees.

### **DIRECTOR COMPENSATION**

Due to the stage of development of the Company's Harper Creek project (the "Project"), coupled with the fact that all activities with respect to the development of the Project are suspended due to the Project being placed on care and maintenance, the Company is not currently providing any compensation to its Directors, either by way of annual retainer fees and stock options.

The following table discloses all compensation provided to the directors during the Company's most recently completed financial year ending December 31, 2016:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Gregory T. Hawkins	Nil	n/a	Nil	n/a	n/a	Nil	Nil
Ryan Jennings	Nil	n/a	Nil	n/a	n/a	Nil	Nil
Ronald Mathison	Nil	n/a	Nil	n/a	n/a	Nil	Nil
Glen Swail	Nil	n/a	Nil	n/a	n/a	Nil	Nil

### Outstanding Stock Option Based Awards

The following table sets forth all option-based awards for non-executive directors as at December 31, 2016.

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 (\$)
Gregory T. Hawkins	100,000	1.25	April 18, 2017	Nil	n/a	n/a
	141,000	0.24	July 3, 2018	Nil	n/a	n/a
Ryan Jennings	Nil	n/a	n/a	n/a	n/a	n/a
Ronald Mathison	Nil	n/a	n/a	n/a	n/a	n/a
Glen Swail	Nil	n/a	n/a	n/a	n/a	n/a

**Notes:**

1. Based on the TSX market closing price of the Company's common shares on December 31, 2016 of \$0.065.

### Incentive Plan Awards – Value Vested or Earned during the Year

The value of all incentive plan awards that vested or were earned by each non-executive director during the financial year ended December 31, 2016 was nil.

### Majority Voting Policy

The Board has adopted a majority voting policy relating to the election of directors. See "Report on Corporate Governance – Majority Voting Policy".

### APPROVAL OF AMENDMENTS TO THE STOCK OPTION PLAN

#### *Background of the Stock Option Plan and Shareholder approval of Amendments to the Stock Option Plan*

Yellowhead transitioned its listing on the Toronto Stock Exchange (the "TSX") from the TSX to the TSX Venture Exchange (the "TSX-V") on March 27, 2017. One of the requirements of the TSX-V with respect to listing on the TSX-V was to adopt an incentive stock option plan that was consistent with the rules and regulations of the TSX-V and to have such stock option plan approved by the shareholders of Yellowhead. The current Stock Option Plan (defined below) is summarized below under the heading "Statement of Executive Compensation – Compensation Discussion and Analysis - Stock Options - Description of the Stock Option Plan". As Yellowhead had a stock option plan while listed on the TSX, it was incumbent on Yellowhead to update and amend its stock option plan in order to ensure it was in compliance with the rules and

regulations of the TSX-V. Subject to shareholder approval, a summary of the amendments that would be included in the Stock Option Plan are as follows:

- a) including provisions which are required for companies that have their securities listed the TSX-V, such as limits on the number of options issuable to investor relations personnel, related limits on the vesting of such option and setting out related expiration periods; and
- b) other minor housekeeping amendments such as updating section references.

Based on the above, the Company will seek shareholder approval to amend and restate the Stock Option Plan and replace the current Stock Option Plan with an amended and restated Stock Option Plan (the “**Amended Option Plan**”), which was adopted by the directors of the Company on March 27, 2017 subject to shareholder approval.

To provide a long-term component to the executive compensation program, directors and certain officers, employees and consultants of Yellowhead and/or its subsidiaries participate in the Stock Option Plan

Yellowhead’s Compensation Committee is responsible for making recommendations to the Board regarding the granting of stock options (“**Options**”) to participants under the Stock Option Plan. The duties, responsibilities and contributions of participants to the success of Yellowhead and its subsidiaries, together with market compensation data, are taken into account when the Compensation Committee and the Board determines whether, and how many, new Options grants should be made. The granting of Options is subject to the terms and conditions contained in the Stock Option Plan and any additional terms and conditions fixed by the Board at the time of the grant. The Board sets the exercise price of the Options, but under no circumstances can such exercise price be less than the weighted average trading price per Common Share on the TSX-V for the five trading days preceding the date of the grant.

The Compensation Committee believes that long-term incentives in the form of Options, with delayed vesting provisions, play an important part in aligning the interests of directors, officers, employees and consultants with those of Yellowhead’s Shareholders and in preserving cash for project development and attracting and motivating new directors, officers, employees and consultants in a competitive market environment.

#### *Common Shares Available for Issuance upon Exercise of Stock Options*

The Company’s stock option plan (the “**Stock Option Plan**”) is a “rolling 10%” plan, which means that at any point in time Yellowhead is authorized to issue that number of Options which is equal to 10% of its then currently issued and outstanding number of Common Shares. As of the date hereof, an aggregate of 123,757,157 Common Shares were issued and outstanding, therefore the maximum number of Options issuable by Yellowhead at that date is 12,375,715 Options. The maximum number of Options issuable to insiders and their associates under the Stock Option Plan, or any other share compensation arrangement (as defined in the Stock Option Plan), shall not cover a number of Common Shares which exceeds 10% of Yellowhead’s then currently issued and outstanding number of Common Shares. Similarly, the maximum number of Common Shares that may be issued to insiders and their associates within any one year period pursuant to the exercise of Options granted under the Stock Option Plan, or any other share compensation arrangement, shall not exceed 10% of the Common Shares outstanding (calculated on a non-diluted basis). As of the date hereof, an aggregate of 635,000 Options (representing approximately 0.5% of currently issued and outstanding Common Shares) were granted and remained outstanding, leaving an aggregate of 11,740,715 Options (representing approximately 9.5% of currently issued and outstanding Common Shares) available for issuance under the Stock Option Plan. To date, all stock options granted to eligible Participants under the Stock Option Plan have been issued at the following exercise prices: 275,000 Options at \$1.25 and 360,000 Options at \$0.24. Note that upon appointment as Chief Executive Officer of the Company on July 1, 2013, the CEO was granted 500,000 stock options, outside of the Company’s stock option plan, as approved by the TSX in accordance with Section 613(c) of the TSX Company Manual.

Subject to certain limited exceptions, including by will or the laws of descent and distribution, Options granted under the Stock Option Plan are not transferable or assignable. As a general matter and subject to Board discretion and certain specified exceptions, if the Board service, employment or consulting relationship of a participant terminates, then vested Options held by the participant will cease to be exercisable on the earlier of the original expiry date of the Option and six (6) months after the applicable termination date and all unvested options will terminate.

Subject to any applicable rules of the stock exchange, the Board may from time to time, in its absolute discretion and without the approval of Shareholders, make the following amendments to the Stock Option Plan or any Option: (i) amend the vesting provisions of; (ii) or any other regulatory body having authority over the Company, the Stock Option Plan or the Shareholders; (iii) any amendment of a “housekeeping” nature, including, without limitation, to clarify the meaning of an existing provision of the Stock Option Plan, correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan, correct any grammatical or typographical errors or amend the definitions in the Stock Option Plan regarding administration of the Stock Option Plan and any Certificate; (iv) amend the Stock Option Plan or an Option as necessary to comply with applicable law or the requirements of the stock exchange; (v) any amendment respecting the administration of the Stock Option Plan.

A copy of the Stock Option Plan is attached as Schedule A to this Circular.

#### *Shareholder Approval*

The holders of Common Shares of Yellowhead will be asked to approve the Amended Stock Option Plan at the Meeting. The text of the resolution approving the Amended Stock Option Plan is set out below. In order to be passed, this resolution must be approved by at least a majority of the votes cast by disinterested Shareholders represented in person or by proxy at the meeting. Participants in the Stock Option Plan are not entitled to vote on the resolution.

#### *Recommendation of Management and the Board*

Management has recommended and the Board has determined that approving the Amended Stock Option Plan is in the best interests of Yellowhead and its Shareholders. Accordingly, Yellowhead requests that its Shareholders pass an ordinary resolution in the following terms:

“RESOLVED that:

1. the Incentive Stock Option Plan, as amended and restated and replaced in its entirety by the Amended and Restated Incentive Stock Option Plan adopted by the Board of Directors of the Company on March 27, 2017 in the form attached as Schedule A to the Management Proxy Circular of Yellowhead Mining Inc. (“Yellowhead”) dated April 4, 2017, is hereby approved and adopted as the incentive stock option plan of Yellowhead, and Yellowhead has the ability to grant options under the Incentive Stock Option Plan until May 10, 2018, being the date that is one (1) year from the date of the shareholder meeting at which this resolution is passed;
2. unallocated options to be granted under the Incentive Stock Option Plan are hereby approved;
3. upon the valid exercise of any options granted under the Incentive Option Plan, including the payment of the applicable exercise price, the underlying common shares in the capital of Yellowhead shall be issued from treasury as fully paid and non-assessable common shares of Yellowhead; and
4. any officer of Yellowhead is authorized and directed, for an on behalf of Yellowhead, to do, or cause to be done, all such acts and things and execute, whether under the corporate seal or otherwise, and deliver, or cause to be delivered, such other documents, agreements, certificates and statements, as any such officer may deem necessary or desirable in order to carry out the foregoing resolutions, the authority for the execution of such documents, agreements, certificates and statements and the doing of such other acts or things to be conclusively evidenced thereby.”

<b>UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING PROXY WILL VOTE FOR THE APPROVAL OF THE AMENDMENTS TO THE STOCK OPTION PLAN.</b>
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## APPROVAL OF THE SHARE CONSOLIDATION

The Board believes that the current number of outstanding Common Shares may be required to be consolidated. Shareholders are being asked to consider and, if thought fit, to pass a special resolution (the “**Consolidation Resolution**”) authorizing the Board, in its sole discretion, to consolidate the common shares on the basis of one (1) new Common Share for up to twelve (12) old Common Shares (the “**Consolidation**”). Notwithstanding approval of the Consolidation Resolution by shareholders of the Company, the Board may, in its sole discretion, revoke this special resolution, and abandon the Consolidation Resolution without further approval or action by or prior notice to shareholders.

Prior to making any amendment to effect the Consolidation, the Company shall first be required to obtain any and all applicable regulatory and relevant stock exchange approvals.

### *Reasons for the Consolidation*

The Consolidation is expected to increase the trading price of the Common Shares, which the Board believes will enhance their marketability and may increase the liquidity of the Common Shares if implemented at an appropriate time. This may be important to the Company in the future should it wish to explore potential listings on other stock exchanges that require a minimum trading price. The Board also believes that the Consolidation could result in broader interest and demand from those institutional and other investors that have internal guidelines and policies discouraging or prohibiting investments in lower priced shares.

The Board believes that shareholder approval of a range of potential consolidation ratios (rather than a single consolidation ratio) provides the Board with maximum flexibility to achieve the desired results of the Consolidation. If the Consolidation Resolution is approved by the shareholders, the Consolidation would only be implemented, if at all, upon a determination by the Board that it is in the best interest of the Company and its shareholders at that time. In connection with any determination to implement the Consolidation, the Board will set the timing for such Consolidation. In determining the specific ratio to implement any Consolidation following receipt of shareholder approval, the Board may consider, among other things, factors such as:

- The historical trading prices and trading volume of the Common Shares;
- The prevailing trading price and trading volume of the Common Shares and the anticipated impact of the Consolidation on the trading market(s) for the Common Shares;
- The outlook for the trading price of the Common Shares;
- Threshold prices of brokerage firms or institutional investors that could impact their ability to invest or recommend investments in the Common Shares; and
- Prevailing general capital market, commodity market and economic conditions.

### *Certain Risks Associated with the Consolidation*

There can be no assurance that the total market capitalization of the Common Shares of the Company (the aggregate value of all Common Shares at the then market price) immediately after the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-share market price of the Common Shares following the Consolidation will remain higher than the per share market price immediately before the Consolidation or equal or exceed the direct arithmetical result of the Consolidation. In addition, a decline in the market price of the Common Shares after the Consolidation may result in a greater percentage decline than would occur in the absence of a Consolidation, and the liquidity of the Common Shares could be adversely affected. Further, there can be no assurance that, if the Consolidation is implemented, the margin terms associated with the purchase of Common Shares will improve or that the Company will be successful in receiving increased attention from institutional investors.

### *Principal Effects of the Consolidation*

As at the Record Date, the Company had 123,757,157 Common Shares issued and outstanding. Following the completion of the proposed Consolidation, the number of Common Shares of the Company issued and outstanding will depend on the precise ratio determined by the Board.

As the Company currently has an unlimited number of Common Shares authorized for issuance, the Consolidation will not have any effect on the number of Common Shares that remain available for future issuances. The Common Shares reserved for issuance pursuant to the Stock Option Plan and outstanding common share purchase warrants would also be reduced proportionately.

The Consolidation may result in some shareholders owning “odd lots” of Common Shares on a post-Consolidation basis. Odd lots may be more difficult to sell, or require greater transaction costs per share to sell, than shares in “board lots”. Brokerage commissions and other costs of transactions in odd lots are often higher than the costs of transactions in “roundlots” of even multiples of “board lots”.

The Consolidation will not give rise to a capital gain or loss under the Income Tax Act (Canada) for a shareholder who holds such Common Shares as capital property. The adjusted cost base to the shareholder of the new Common Shares immediately after the Consolidation will be equal to the aggregate adjusted cost base to the shareholder of the old Common Shares immediately before the Consolidation.

### *Notice of Consolidation and Letter of Transmittal*

If the Board determines to effect the Consolidations and the Company receives all applicable regulatory and relevant stock exchange approvals, the Company will give written notice thereof to all the Company’s shareholders and will provide them with a form of a letter of transmittal to be used for the purpose of surrendering their certificates representing the currently outstanding Common Shares to the Company’s registrar and transfer agent in exchange for new share certificates representing whole post-Consolidation Common Shares. After the Consolidation, current issued share certificates representing pre-Consolidation Common shares will (i) not constitute good delivery for the purposes of trades of post-Consolidation Common Shares; and (ii) be deemed for all purposes to represent the number of post-Consolidation Common Shares to which the shareholder is entitled as a result of the Consolidation. No delivery of a new certificate to a shareholder will be made until the shareholder has surrendered his, her or its current issued certificate(s).

### *Fractional Shares*

No fractional Common Shares will be issued upon the Consolidation. All fractions of post-Consolidation Common Shares will be rounded down.

### *Percentage Shareholdings*

The Consolidation will not affect any shareholder’s percentage ownership in the Company other than by the minimal effect of eliminating fractional Common Shares, even though such ownership will be represented by a smaller number of Common Shares. Instead, the Consolidation will reduce proportionately the number of Common Shares held by all shareholders.

### *Implementation*

The implementation of the Consolidation Resolution is subject to the Company obtaining the necessary regulatory consents, including applicable stock exchange approvals. The Consolidation Resolution provides that the Board is authorized, in its sole discretion, to determine not to proceed with the proposed Consolidation, without further approval of the Company’s shareholders. In particular, the Board may determine not to present the Consolidation Resolution to the Meeting or, if the Consolidation Resolution is presented to the Meeting and approved, may determine after the Meeting not to proceed with completion of the proposed Consolidation.



### *Effect on Non-Registered Shareholders*

Non-registered shareholders holding their Common Shares through a bank, broker or other nominee should note that such banks, brokers or other nominees may have different procedures for processing the Consolidation than those that will be put in place by the Company for registered shareholders. If you hold your Common Shares with such a bank, broker or other nominee and if you have any questions in this regard, you are encouraged to contact your nominee.

### *Vote Required and Recommendation of Board*

At the Meeting, shareholders will be asked to pass the Consolidation Resolution. The Board unanimously recommends that shareholders vote FOR the following special resolution to approve the Consolidation:

“BE IT RESOLVED as a special resolution that:

1. The issued and outstanding common shares in the capital of the Company (the “Common Shares”) be consolidated on the basis of one (1) new Common Share for up to every twelve (12) Common Shares presently issued and outstanding (the “Consolidation”);
2. the board of directors of the Company are hereby authorized to determine the ratio for the Consolidation within the range of one (1) new Common Share for up to every twelve (12) Common Shares;
3. that any director or officer of the Company is hereby authorized and directed, acting for, in the name of and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise, and to deliver or to cause to be delivered, all such documents, agreements and instruments, and to do or to cause to be done all such other acts and things, as such person determines to be necessary or desirable or required by any regulatory authority in order to carry out the intent of this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing; and
4. notwithstanding that this special resolution has been duly passed by the shareholders of the Company, the board of directors of the Company is hereby authorized, at its discretion, to determine, at any time prior to the Consolidation, to proceed or not proceed with the Consolidation and to abandon the Consolidation at any time prior to the implementation of the Consolidation without further approval of the shareholders of the Company at any time prior to the Consolidation becoming effective.”

In order to be effective, the Consolidation Resolution must be approved by the affirmative vote of not less than two-thirds of the votes cast at the Meeting in respect of such resolution.

**UNLESS SUCH AUTHORITY IS WITHHELD, THE PERSONS NAMED IN THE ACCOMPANYING PROXY WILL VOTE FOR THE CONSOLIDATION RESOLUTION.**

## **REPORT ON CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day to day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of Shareholders and contribute to effective and efficient decision-making. Among other important considerations, the Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and the need to foster and promote diversity among Board members that reflect the diversity of the Company’s stakeholders, including its customers and employees. The Board is committed to continued growth and development with respect to diversity among its board members. This includes but is not limited to diversity in regards to attributes such as gender, ethnicity, age, nationality origin, culture and disability.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* of the Canadian Securities Administrators together establish corporate governance practices and

guidelines which apply to all public companies. In light of these regulatory requirements, the Company has instituted its own corporate governance practices and provides disclosure around those practices consistent with these regulatory requirements.

### Board of Directors

At present, the Board is comprised of four (4) directors, all of whom are considered to be independent of the Company. An “independent” director is a director who has no direct or indirect “material relationship” with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgement. On this basis all directors are considered to be independent directors.

### Board Meetings and Attendance

The following table sets out the attendance of current directors at all Board meetings during the year ended December 31, 2016:

Director	# of meetings attended / # of meetings eligible to attend	% of meetings attended
Gregory T. Hawkins	2 of 4	50 %
Ryan Jennings	4 of 4	100 %
Ronald Mathison	4 of 4	100 %
Glen Swail	4 of 4	100 %

Committee members’ 2016 meeting attendance is set out in the section entitled *Nominees for Election as a Director*.

### Other Reporting Issuer Directorships

As of the date of this Circular, the following directors are also directors of the following reporting issuers:

<u>Name</u>	<u>Name of Other Reporting Issuer</u>
T. Gregory Hawkins	New Era Minerals (TSX-V) Discovery-Corp Enterprises Inc. (TSX-V) New Pacific Metals Corp. (TSX)
Ronald Mathison	Calfrac Well Services Ltd. (TSX) Western Energy Services Ltd. (TSX)

### Board Mandate

The Board of Directors has adopted a written mandate for the Board which is attached hereto as Schedule “B” and is posted on the Company’s website, [www.yellowheadmining.com](http://www.yellowheadmining.com). The Board carries out its responsibilities directly and through three committees being the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee, each of which operates under a written committee charter approved by the Board. The Board has adopted several governance policies as described elsewhere in this section. The Board meets regularly on a quarterly basis and holds additional meetings as required to deal with the Company’s business.

### Position Descriptions

The Board has developed written position descriptions for the following positions: Non-Executive Chair of the Board and Chief Executive Officer. These position descriptions delineate the role of each of the noted positions.

The duties and responsibilities of each of the three committee Chairs are described in the respective committee charters which may be viewed on the Company’s website, [www.yellowheadmining.com](http://www.yellowheadmining.com).

## **Director Orientation and Continuing Education**

The Board has an informal process for the orientation of new Board members regarding the role of the Board, its committees and directors, and the nature of operation of the Company. A new director will meet with executive management, the Chair of the Board, and incumbent directors prior to and after being invited to join the Board. Such meetings facilitate the exchange of information, ideas and questions amongst all participants. Prior to or upon joining the Board, incoming directors are invited to tour the Company's project site thereby providing the opportunity to meet with some of the executive employees of the Company. New directors are provided with written materials both to aid in their familiarization with the Company and to inform them of their obligations as a director. Such information includes governance policies such as the Company's code of business conduct and ethics, whistleblower policy, disclosure policy, committee charters, and also includes corporate information such as financial statements.

No formal continuing education opportunities are initiated by the Company at this time given the Company's limited financial resources. All of the Company's directors are seasoned business professionals and/or members of multiple corporate boards thereby allowing the Company to rely on opportunities available to its directors via other avenues until such time as the Company is in a position to financially support a formal continuing education program.

## **Ethical Business Conduct**

The Company has a Code of Conduct and Business Ethics (the "Code") which sets out guidelines and expectations regarding ethical business conduct on the part of directors, officers and employees of the Company. The Code is available on the Company's website at [www.yellowheadmining.com](http://www.yellowheadmining.com), on [www.sedar.com](http://www.sedar.com), and internally to all Company employees. All directors, officers and employees of the Company are required to annually acknowledge in writing that they have received and reviewed the Code, that they understand and are in compliance with the Code, that they agree to continue to be bound by the terms of the Code, and that they are not aware of any practice not in compliance in the Code which has not been reported under the Code.

The Board has also adopted a whistleblower policy (the "Whistleblower Policy") which provides an avenue for directors, officers and employees of the Company to express concerns regarding the Company's accounting policies or financial reports without adverse employment consequence. The Whistleblower Policy is available on the Company's website at [www.yellowheadmining.com](http://www.yellowheadmining.com), as well as internally to all Company employees.

The Company has a Corporate Disclosure and Trading Policy which provides additional measures to ensure ethical business conduct, such as policies and requirements regarding insider trading and trading black-out periods. The Company's corporate secretary routinely advises Company directors, officers, and certain employees, as appropriate, when trading black-outs are put in place. The Corporate Disclosure and Trading Policy is available on the Company's website at [www.yellowheadmining.com](http://www.yellowheadmining.com), as well as internally to all Company employees.

All directors, officers and employees of the Company are required to acknowledge in writing, on an annual basis, their receipt and understanding of the Whistleblower Policy and the Corporate Disclosure and Trading Policy and, where applicable, their compliance thereto.

The Board requires that all directors and officers disclose to it all other boards of which they are members and all offices held in other reporting issuers. The Board also requires conflicts of interest to be disclosed to the Corporate Governance and Nominating Committee. In the event that conflicts of interest arise, a director who has such a conflict is required to disclose the conflict and to abstain from voting for or against any decision related to that matter. In addition, in considering transactions and agreements in respect of which a director has a material interest, the Board will require that the interested person absent themselves from portions of Board or committee meetings so as to allow independent discussion of points in issue and the exercise of independent judgment.

Included in the Company's written internal operational policies is the requirement that all related party transactions be approved in accordance with specific and clearly defined parameters. Lower value transactions require the approval of both the CEO and CFO while higher value transactions require the approval of an Audit Committee, or Board member, or the entire Audit Committee, or Board, depending on the value of the transaction in question.

## Nomination of Directors

The Corporate Governance and Nominating Committee is responsible for identifying and recommending candidates that are qualified to become directors of the Company based on the needs of the Board at the time. Corporate Governance and Nominating Committee members are, on an ongoing basis, continually seeking potential candidates who would provide the skill set necessary for a junior development mining company. As there is no formal policy, as such, for the recruitment of new candidates to the Board, various other directors may collaborate with or assist the Corporate Governance and Nominating Committee in the candidate identification and selection process. When considering potential candidates, the Corporate Governance and Nominating Committee, and the Board as a whole, take into consideration the areas of expertise in which the Board would realize added benefit through diversity of professional experience and knowledge; the appropriate size of the board; and the ratio of independent to non-independent directors.

In connection with the investment by Matco Investments Ltd. ("Matco") in November 2013, Mr. Ron Mathison was appointed to the Board. In addition, Matco was given the right to nominate two individuals of its choosing for election the Board for as long as Matco holds more than 15% of the issued and outstanding common shares of the Company, being Mr. Ron Mathison and Ryan Jennings.

The Company has not established term limits for Board members at this time, as the Board does not believe that an arbitrary term limit for Board members is the most effective way of ensuring overall Board effectiveness.

## Board Committees

The Company has three standing Board Committees, being the Audit Committee, Compensation Committee, and Corporate Governance and Nominating Committee. All committee members are independent directors. The Board of Directors has adopted written charters for each of these committees, which may be viewed on the Company's website, [www.yellowheadmining.com](http://www.yellowheadmining.com).

### **Audit Committee**

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. In addition to recommending the auditors to be nominated and reviewing the compensation of the auditors, the Audit Committee is responsible for overseeing the work of the auditors and pre-approving non-audit services. It also reviews the Company's annual and interim financial statements and news releases containing information taken from the Company's financial statements, and recommends to the Board the approval of same for filing and release. The Audit Committee is responsible for reviewing the acceptability and quality of the Company's financial reporting and accounting standards and principles and any proposed material changes to them or their application. A copy of the Audit Committee's charter, unanimously approved by the Board, is available on Yellowhead's website at [www.yellowheadmining.com](http://www.yellowheadmining.com).

The Audit Committee typically meets at least four times per year and is scheduled to meet four times during 2017. The Audit Committee meets with representatives of Smythe LLP, the Company's external auditors, without management in attendance, at least annually.

As of the date of this Circular, the members of the Audit Committee, all being independent directors, are:

Glen Swail (Chair)  
Ryan Jennings  
Ronald Mathison

Messer Swail, Jennings and Mathison are independent and financially literate within the meaning of National Instrument 52-110 *Audit Committees* ("NI 52-110").

**Glen Swail** – Mr. Swail is a Calgary based Chartered Accountant and business person with experience in several different industries including his role as a private equity managing director with: oil and gas services, real estate investment, manufacturing, industrial sales and supply, construction and many other industry enterprises. Mr. Swail has director related experience with public companies and related filing regulations. Prior to his involvement with a private equity firm in Calgary, Mr. Swail was a senior partner with a local chartered accounting firm in Winnipeg.

**Ryan Jennings** – Mr. Jennings has over ten years of financial experience in private equity, merchant banking and portfolio management. Mr. Jennings is currently a partner at Matco Capital Ltd., a private investment firm which specializes in providing capital and management expertise to companies in which it has an interest. Mr. Jennings is a director of several private operating and investment companies. He has earned a bachelor of commerce degree from the University of Alberta and is a CFA charter holder.

**Ronald Mathison** – Mr. Mathison is the President and Chief Executive Officer of Matco Investments Ltd. and Matco Capital Ltd., private investment firms which specialize in providing capital and management expertise to companies in which they have an interest. Mr. Mathison has extensive experience in restructuring and financing corporations in both the public and private markets. He is a founder and Chairman of Calfrac Well Services Ltd. and Tesla Exploration Ltd., and also serves as Chairman of Western Energy Services Corp. Until 2000, Mr. Mathison was a director and principal of Peters & Co. Limited, an investment firm specializing in the oil and natural gas industry.

At no time since the commencement of the Company’s most recently completed financial year was a recommendation by the Committee to nominate or compensate an external auditor not adopted by the Board.

In October 2011, the Board approved a policy whereby the Audit Committee must pre-approve all non-audit services performed by the Company’s auditor, Smythe Ratcliffe LLP, Chartered Accountants.

The aggregate fees billed for services rendered by the Company’s external auditor for the financial years ended December 31, 2015 and December 31, 2016 were as follows:

	Financial year ended December 31, 2015 (\$)	Financial year ended December 31, 2016 (\$)
Audit Fees For audit of the Company’s annual financial statements	20,000	16,000
Audit Related Fees Fees not included in Audit Fees that are billed by Smythe Ratcliffe for assurance and related services that are reasonably related to the performance of the audit or the review of the Company’s financial statements	16,955	2,170
Tax fees Fees billed by Smythe Ratcliffe for professional services rendered for tax compliance, tax advice and tax planning	3,000	3,000
All Other Fees Fees billed by Smythe Ratcliffe for products and services not included in the foregoing categories	Nil	Nil

Notes:

1. “Audit Fees” include fees necessary to perform the annual audit of the Company’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
2. “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include quarterly reviews of the Company’s financial statements, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
3. “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
4. “All Other Fees” include all other non-audit services.

**Compensation Committee**

The Compensation Committee assists the Board of Directors in fulfilling its oversight of the compensation of executive and senior management; in its annual review of the objectives, performance and compensation of the CEO; in the establishment of the Company’s general compensation philosophy; and to make recommendations to the Board with

respect to the Company's incentive compensation plans and equity-based plans, including the recommendation of option grants under the Company's stock option plan.

As of the date of this Circular, the members of the Compensation Committee, all being independent directors, are:

Ryan Jennings (Chair)  
Glen Swail  
Ronald Mathison

### ***Corporate Governance and Nominating Committee***

The Corporate Governance and Nominating Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to the governance of the Company; to develop and recommend to the Board a set of corporate governance principles and corporate policies applicable to the Company, and to review those principles at least once a year; to oversee the evaluation of the Board and the contribution of individual directors; to ensure that an effective CEO succession plan is in place; to establish procedures for meetings of the Board and to otherwise ensure that appropriate board processes, procedures and structures are in place; to identify and recommend candidates qualified to become directors; and to maintain an orientation and educational program for new directors.

As of the date of this Circular, the members of the Corporate Governance and Nominating Committee, all being independent directors, are:

Ronald Mathison (Chair)  
Ryan Jennings  
Glen Swail

### **Board Assessments**

The Board conducts an annual assessment of the functioning and performance of the Board and the committees in order to determine their effectiveness, as well as any areas for improvement. In addition, the performance of the Chair of the Board and each committee chair is sought, as well as a review of competencies represented on the Board to determine if additional skill sets were required. The Chair of the Corporate Governance & Nominating Committee provides a summary report of the assessment findings which are presented to the Committee and the Board as a whole.

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

The Board continues to address the importance of the identification and nomination of women directors, as well as other characteristics, considering an appropriate representation of diverse backgrounds and perspectives at the Board level. While the primary objectives of the Corporate Governance and Nominating Committee are to ensure consideration of individuals who are highly qualified based on their talents, experience, functional expertise and personal skills, character and qualities, the Corporate Governance and Nominating Committee will balance these objectives with the need to identify and promote individuals who are reflective of diversity for nomination for election to the Board. In particular, the Corporate Governance and Nominating Committee will consider the level of representation of women and other diverse candidates on the Board when making recommendations for nominees to the Board. Given the nature of the Company's business and its industry, it may be challenging for the Company to identify a qualified pool of candidates that adequately reflects the diversity that the Company seeks to promote. The Company has therefore not adopted any specific policy or targets, but will promote its objectives through identifying and fostering the development of a suitable pool of candidates for nomination or appointment over time. While there are currently no women directors on the Board, the Company strongly supports the principle of diversity, of which gender is one important aspect. The Company is committed to diversity and believes that diversity enhances both the quality and effectiveness of the Company's performance and is an important component of effective corporate governance. The Governance Committee has been directed to search for qualified persons to serve on the Board. Progress toward, and objectives for, achieving diversity on the Board as well as the effectiveness of the Diversity policy will be reviewed periodically.

## Representation of Women in Executive Officer Positions

As noted above, the Board has expanded its governance practices to confirm and reflect the importance of diversity within its executive management team, paying specific attention to the representation of women. The Company currently has no woman on its executive management team. The Board and management recognize the value brought by a diversity of perspectives and backgrounds within the management team and have made amendments to its governance practices to ensure the level of women's representation is a key factor when the composition of the executive management team is being considered. The Company has not adopted any specific policy or targets with respect to the representation of woman. However it will continue to promote its objectives through identifying and fostering the development of a suitable pool of diverse candidates for appointment over time.

## Majority Voting Policy

The Board has adopted a majority voting policy ("Majority Voting Policy"). In order to be considered by the Company as a nominee for election to the Board, all nominees, including current directors, are required to confirm that they will abide by the Majority Voting Policy prior to becoming a management nominee. All nominees for election as a director herein have confirmed that they will abide by the Majority Voting Policy.

In an uncontested election of directors, any director nominee who receives more "withheld" votes than "for" votes (a "majority withheld vote") will be deemed to not have the support of shareholders, even though duly elected as a matter of corporate law, and shall promptly tender his/her resignation to the Board immediately following the Company's annual meeting to be effective upon acceptance by the Board. The Board, in a formal meeting, shall consider the resignation offer and determine whether or not to accept it. The Board shall accept the resignation except in extenuating circumstances. Any director who tenders his or her resignation pursuant to this policy shall not participate in any Board meeting at which his or her resignation is considered. In any event, the Board will accept, or in rare cases reject, the director's resignation within ninety (90) days of the annual meeting after which the Board will promptly disclose its decision and reasons for its decision by issuing a news release.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of the date of this Circular with respect to the common shares that may be issued under the Stock Option Plan.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)
	(a)	(b)	(c)
Equity compensation plans approved by security holders (Incentive Stock Option Plan)	635,000	\$0.68	11,740,715
Equity compensation plans not approved by security holders <sup>(1)</sup>	500,000	\$0.26	n/a
Total	1,135,000	\$0.49	11,740,715

**Note:**

(1) Upon his appointment as Chief Executive Officer of the Company on July 1, 2013, Frank Wheatley was granted 500,000 stock options, outside of the Company's stock option plan, as approved by the TSX in accordance with Section 613(c) of the TSX Company Manual.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **Compensation Governance**

The Company has a Compensation Committee, the current members of which are Ryan Jennings (Chair), Ronald Mathison and Glen Swail, all independent directors. The Compensation Committee is charged with establishing a remuneration and benefits plan for directors, executives and other key employees. To that end, the Compensation Committee is responsible for establishing the Company's general compensation philosophy, overseeing the development and implementation of compensation programs, reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer ("CEO"), evaluating the performance of the CEO in light of those goals and objectives, and recommending stock option grants to the Board for approval. All members of the Compensation Committee have extensive experience in the operations, administration and management of publicly traded resource industry companies, including some experience in and knowledge of executive compensation.

The Company has established written internal operational and approval policies such that Board approval is required for all decisions affecting executive and director compensation. In making such determinations, the Board relies on recommendations from the Compensation Committee.

The Company has not yet engaged the service of an independent compensation consultant to make recommendations with respect to executive or director compensation or to review the benchmark peer group and dataset of comparable salaries set by the Compensation Committee. Such an engagement will take place when the Company is in an appropriate financial position to engage such a consultant and realistically and responsibly implement consultant recommendations.

#### **Compensation Strategy**

Due to the stage of development of the Company's Harper Creek project (the "Project"), the fact that all activities with respect to the development of the Project are suspended due to the Project being placed on care and maintenance, coupled with the fact that the Company only has one (1) employee, the Compensation Committee did not meet during 2017 as there were no compensation matters to consider.

#### **Elements of Executive Compensation**

The following are the key components of executive compensation:

##### ***Base Annual Salary***

Base annual salary is the primary element of the Company's executive compensation. The target salary for each position is the median (50<sup>th</sup> percentile) salary of the comparator companies, adjusted to reflect each individual employee's expertise, experience, performance and internal equity.

There were no base annual salary increases in 2016 in light of the Project being on care and maintenance coupled with the Company's financial position.

##### ***Annual (Short Term) Cash Bonus Awards***

All executives are eligible for an annual (short term) cash bonus award of no specified amount based on the accomplishment of personal pre-determined key performance indicators ("KPI"s) as established by the Board of Directors from time to time.

In light of the Project being on care and maintenance coupled with the Company financial position in 2016, no annual (short term) cash bonuses were awarded in 2016.



## **Stock Options**

All stock options granted by the Company have a five year term. Option grant date, exercise price, and vesting terms are recommended by the Compensation Committee and approved by the Board in accordance with the Company's stock option plan, with the exercise price of options being set at market price of the Company's common shares in accordance with TSX-V rules.

No stock options were granted during 2016.

### **Description of the Stock Option Plan**

The purpose of the Company's stock option plan (the "Option Plan") is to:

- (a) Attract and retain superior directors, officers, advisors, employees and other consultants for the continued success of the Company, to provide an incentive for such persons to put forth maximum effort for the continued success and growth of the Company, and in combination with these goals, to encourage their participation in the performance of the Company; and
- (b) To closely align the personal interests of such directors, officers, advisors, employees and consultants with those of the Company's shareholders by providing them with the opportunity to acquire shares.

The Option Plan provides that the Board may from time to time authorize the issue of options to purchase common shares of the Company to directors, officers, employees and consultants of the Company and its affiliates. Options may be granted in respect of authorized and unissued common shares provided that the maximum aggregate number of common shares reserved for issuance and which may be purchased on the exercise of all options shall not exceed 10% of the issued and outstanding common shares. Under the Option Plan, options that have expired, terminated, or been cancelled for any reason, without having been exercised, are available for subsequent grants. The term of the options granted is determined by the Board at the time of issue, which term shall not be more than 10 years from the date of grant. The Board determines the exercise price for options granted pursuant to the Option Plan on the date of the grant, which may not be less than the market price. Market price is the last daily closing price per common share on the trading day immediately preceding the relevant date and if there was no sale on such date, then the last sale prior thereto.

The Board, subject to the policies of the TSX-V, may determine the terms upon which each option shall become vested. Generally, the following vesting terms are used: one-third vesting immediately upon grant, one-third vesting one year after grant, and one-third vesting two years after grant. Options are not assignable or transferable by the optionee otherwise than by will or by law if the option holder dies. In the event of a change of control (as defined in the Option Plan), all options that are not vested shall vest immediately and automatically, subject to any restrictions imposed by the TSX-V. The Option Plan does not contemplate that the Company will provide financial assistance to any optionee in connection with the exercise of their options.

As of the date of this Circular, a total of 635,000 options have been granted and remain outstanding under the Option Plan (representing approximately 0.5% of the issued and outstanding common shares of the Company on a non-diluted basis) and a total of 11,740,715 options remain available for grant under the Option Plan (representing approximately 9.5% of the issued and outstanding common shares of the Company on a non-diluted basis).

The Option Plan includes the following restrictions:

- (a) The total number of common shares that may be reserved for issuance or granted within any 12 month period to any one person under the Option Plan, together with all of the Company's previously established and outstanding stock option plans or grants, may not exceed 5% of the outstanding common shares on the date of grant (unless the Company has obtained disinterested shareholder approval);
- (b) The total number of common shares that may be reserved for issuance under the Option Plan to insiders, together with all of the Company's previously established and outstanding stock option plans or grants, shall not

at any time exceed 10% of the issued and outstanding common shares (unless the Company has obtained disinterested shareholder approval);

- (c) The number of options issued to insiders under the Option Plan, together with all of the Company's previously established and outstanding stock option plans or grants, within any 12 month period shall not at any time exceed 10% of the issued and outstanding common shares (unless the Company has obtained disinterested shareholder approval); and
- (d) The total number of common shares which may be granted within any 12 month period to any one consultant may not exceed 2% of the issued and outstanding common shares.

If an optionee ceases to be a director, officer, employee or consultant of the Company or of an affiliate of the Company, his or her options shall be exercisable as follows:

- (a) Death – the holder's estate has the earlier of 120 days after death and the expiry date of the options to exercise any vested options as at the date of death;
- (b) Termination for cause – any outstanding options, whether vested or not, held on the date of such termination shall be cancelled as of that date and become null and void immediately upon such termination; and
- (c) Early retirement, voluntary resignation, redundancy or termination other than for cause – the person has the earlier of 90 days (or otherwise stated in the option agreement) from the date of termination and the expiry date of the options to exercise any vested options as at the date of termination.

The Board may also in its sole discretion (without the requirement of shareholder approval) increase the periods permitted to exercise all or any of the options covered by any grant following a termination of employment, engagement or directorship as provided above, if allowable under applicable law; provided, however, that in no event shall any option be exercisable following the expiry date.

The Board may, subject to applicable law and prior approval, if required, of the TSX-V or any other regulatory body having authority over the Company or the Option Plan, suspend, terminate or discontinue the Option Plan at any time, or amend or revise the terms of the Option Plan or of any option granted under the Option Plan and the option agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an optionee under the Option Plan without the consent of that optionee.

In the event that the Company:

- (a) Issues common shares to all or substantially all holders of common shares by way of a stock dividend or other distribution, or subdivides or consolidates its common shares, the number of common shares receivable under the Option Plan will be increased or reduced proportionately;
- (b) Issues by way of a dividend or otherwise distributes to all or substantially all common shareholders of the Company shares of the Company (other than the common shares), evidences of indebtedness, any other cash or assets, or rights, options or warrants, then the exercise price of the option will be reduced in order to properly reflect any diminution in value; and
- (c) Consolidates, merges or amalgamates with or into another Company resulting in a reclassification or change of outstanding common shares into other shares or securities or the Company enters into a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another Company, the optionee will have an option to purchase and will accept on the exercise of such option, in lieu of common shares, the kind and amount of shares or other securities or property that the optionee would have been entitled to receive as a result of such consolidation, merger, amalgamation or transaction if the option had been exercised immediately prior to the effective date of such consolidation, merger amalgamation or transaction.

Subject to regulatory approval, the Board is specifically authorized to make amendments to or revise any option as contemplated above without obtaining shareholder approval.

The Board may also, subject where required to approval of the TSX-V and any governmental authority having jurisdiction, amend the Option Plan at any time. Notwithstanding the foregoing, the Board is specifically authorized to amend or revise the terms of the Option Plan or any option without obtaining shareholder approval in the following circumstances, provided that, in the case of any option, no such amendment or revision may, without the consent of the optionee, materially decrease the rights or benefits accruing to such optionee or materially increase the obligations of such optionee:

- (a) To make amendments of a “housekeeping” nature including, but not limited to, of a clerical, grammatical or typographical nature;
- (b) To correct any defect, supply any information or reconcile any inconsistency in the Option Plan in such manner as to such extent as shall be deemed necessary or advisable to carry out the purposes of the Option Plan;
- (c) To change the vesting provisions;
- (d) To make amendments to reflect any changes in requirements of any securities regulatory authority or the TSX-V;
- (e) To change the termination provisions of an option which does not extend beyond the original expiry date;
- (f) In the case of any option, the substitution of another award of the same or different type;
- (g) To amend the definition of change of control;
- (h) To add a cashless exercise feature, payable in cash or securities of the Company; and
- (i) A change to the eligible persons that may participate under the Option Plan.

The exercise price of any outstanding option granted to any non-insiders of the Company may not be reduced unless shareholder approval is obtained by way of a resolution passed by a majority of the votes cast by the shareholders at a meeting of shareholders. The exercise price of any outstanding option granted may not be reduced and the original option period may not be extended to the benefit of insiders of the Company unless disinterested shareholder approval is obtained in accordance with applicable regulatory requirements.

### **Adjustments and Risk Mitigation**

As a measure of risk mitigation, in accordance with the Company’s employment agreement with Mr. Frank Wheatley, the Company’s CEO, the Company may seek reimbursement from the CEO, on a full or partial basis, the value of any bonus, incentive pay, or increase in compensation, and the CEO has agreed to reimburse the Company such funds, if: (a) the compensation was calculated based upon or contingent upon the achievement of certain financial results or other performance metrics that are subsequently determined to be materially inaccurate or that are subsequently the subject of or affected by a re-statement of all or a portion of the Company’s financial statements; (b) the CEO engaged in gross negligence, intentional misconduct or fraud that causes or partially causes the material inaccuracy of such financial results or performance metrics or that causes or partially causes the need for a re-statement of all or a portion of the Company’s financial statements; or (c) the compensation received would have been lower had the financial results or performance metrics been properly reported.

Although there are no other formal policies or agreements in place regarding the adjustment or recovery of compensation payments or payables from any other Company employee, the Company has established written internal operational and approval policies, including the requirement for Board approval for all decisions affecting executive and director compensation. No NEO employment agreement states a specific dollar figure, percentage of base annual salary, or other determinant with respect to awarding compensation. However, all NEO and executive/senior employment agreements, except that of the CEO, make annual stock option grants a requirement although the agreements do not specify a formula or any other minimum requirement to determine the number of such options to be granted. At this time, no NEO has any KPIs established that tie KPIs to specific compensation increases or awards.

These characteristics have the net effect of indirectly mitigating risks or, at a minimum, ensuring that full Board approval is obtained prior to any executive compensation adjustments being made. These internal policies are such that the

Compensation Committee and Board have full discretion with respect to the amounts of any salary adjustments, annual cash bonus awards, and milestone cash bonus awards, as well as the number of stock options granted to NEOs and, indeed, all employees.

At this time there is no significant risk inherent in the Company's executive compensation strategy, policies and procedures.

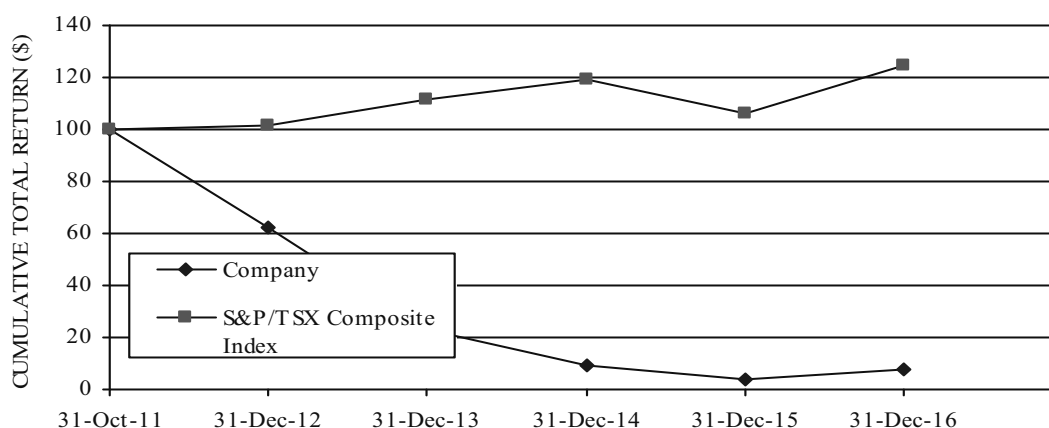
### Hedging and Share Ownership Requirements

The Company has no policy with regard to director or employee (including NEOs and senior officers) purchases of financial instruments designed to hedge or offset a decrease in the market value of Company equities held by directors or employees.

The Company does not have any requirements or guidelines under which directors, NEOs or senior officers of the Company are required to own common shares in the Company.

### Performance Graph

The following graph illustrates the cumulative shareholder return on \$100 invested in the Company's common shares relative to the cumulative return on the S&P/TSX Composite Index since October 31, 2011.



	Investment	October 31, 2011 <sup>(1)</sup>	December 31, 2012 <sup>(2)</sup>	December 31, 2013	December 31, 2014	December 31, 2015	December 31, 2016
Company	\$100.00	\$100.00	\$62.10	\$23.16	\$9.47	\$4.21	\$7.36
S&P/TSX Composite Index	\$100.00	\$100.00	\$101.48	\$111.18	\$119.43	\$106.18	\$124.77

**Notes:**

- (1) Prior to 2012, the Company's year-end was October 31.
- (2) This date reflects a 14-month financial year due to the transition from an October 31 to a December 31 year-end.

## Fair Value of Stock Options

No stock options were granted in 2016.

## Named Executive Officers

The Company's "named executive officers", or "NEOs", are the CEO, CFO and the three most highly compensated individuals of the Company, other than the CEO and CFO, whose total compensation was more than \$150,000 each. For the financial year ended December 31, 2016, the Company's NEOs are:

Chief Executive Officer ("CEO")  
 Chief Financial Officer ("CFO")  
 Former Chief Financial Officer ("Former CFO")

## SUMMARY COMPENSATION TABLE

The following table provides a summary of compensation paid, directly or indirectly, to the NEOs during the three most recently completed financial years.

Name and principal position	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$) <sup>(5)</sup>	Non-Equity incentive plan compensation (\$)		Pension Value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Frank D. Wheatley <sup>(1)(2)</sup> CEO	2016	114,583	n/a	Nil	n/a	Nil	n/a	9,331	123,914
	2015	249,167	n/a	Nil	n/a	Nil	n/a	12,458	261,625
	2014	325,000	n/a	Nil	n/a	Nil	n/a	16,250	341,250
David McGoey <sup>(3)</sup> CFO	2016	24,875	n/a	Nil	n/a	Nil	n/a	n/a	24,875
	2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lori Price <sup>(4)</sup> Former CFO	2016	6,431	n/a	Nil	n/a	Nil	n/a	131,027	137,458
	2015	89,687	n/a	Nil	n/a	Nil	n/a	4,484	94,171
	2014	104,819	n/a	Nil	n/a	Nil	n/a	5,241	110,060

### Notes:

- (1) Mr. Wheatley commenced employment with the Company on July 1, 2013; therefore, all figures shown in the table above with respect to Mr. Wheatley for 2013 are for the partial year July 1, 2013 to December 31, 2013. Mr. Wheatley's base annual salary was \$325,000.
- (2) Mr. Wheatley's salary was reduced to 80% of his base annual salary on June 14, 2015, reduced to 50% of his base annual salary on July 31, 2015, and then further reduced to 42% of his base salary as of March 1, 2016.
- (3) Mr. McGoey was appointed CFO on January 28, 2016. Mr. McGoey provides consulting services to the Company on a part-time consulting basis.
- (4) Ms. Price was appointed CFO on January 4, 2014. Ms. Price's salary was reduced to 83% of her base annual salary on June 14, 2015 and then further reduced to 70% of her base annual salary on July 31, 2015. Ms. Price was terminated without cause on January 28, 2016 and was paid an aggregate of \$128,229 in severance upon termination.
- (5) The Company values stock options using the Black-Scholes option pricing method as described in the Company's audited financial statements for the year ended December 31, 2016. These amounts represent the fair value of the stock options at the grant date.

## **Narrative Discussion of Summary Compensation Table**

### ***Frank D. Wheatley – Chief Executive Officer***

On July 1, 2013, the Company entered into an employment agreement pursuant to which Frank D. Wheatley was appointed Chief Executive Officer of the Company. The employment agreement provides for a base annual salary of \$325,000 subject to annual review; stock option grants as approved by the Board from time to time; and cash in the amount of 5% of base annual salary for the purpose of making personal RRSP contributions (on an honour system). The employment agreement also provides for an increase in Mr. Wheatley's annual salary to \$425,000 upon Board approval of an investment/construction decision, with all permits and financing in place, with respect to the Company's Harper Creek Project. Mr. Wheatley may also be eligible for a cash bonus award, the amount and timing of which is to be determined at the sole discretion of the Board, to be based on Mr. Wheatley's performance and/or the accomplishment of specific milestone events or other parameters as may be determined by the Board from time to time. As of the date of this Circular, the Company has yet to set out any specific milestone events or parameters upon which Mr. Wheatley may be eligible for such a cash bonus award. Mr. Wheatley's employment agreement was amended on June 14, 2015 to reduce his salary to 80% of his base annual salary, was further amended on July 31, 2015 to reduce his salary to 50% of his base annual salary, and further amended on March 1, 2016 to further reduce his salary to 42% of his base annual salary due to the Project being placed on care and maintenance and in light of the financial condition of the Company.

Mr. Wheatley's employment agreement also sets out conditions under which a bonus, incentive pay or increase in compensation to Mr. Wheatley may be recovered by the Company under specific conditions. For details, refer to *Compensation Discussion and Analysis – Adjustments* earlier in this Circular.

Termination payments and benefits, provided for under Mr. Wheatley's employment agreement, are described later in the section entitled *Termination and Change of Control Benefits*.

### ***David McGoey – Chief Financial Officer***

On January 28, 2016 Mr. McGoey was appointed the CFO of the Company. Mr. McGoey provides consulting services to the Company on an as needed basis in order to discharge the functions of the CFO of the Company.

### ***Lori Price – Former Chief Financial Officer***

On February 9, 2012, the Company entered into an employment agreement with Ms. Lori Price pursuant to which Ms. Price was appointed Controller of the Company. Ms. Price commenced employment with the Company on February 20, 2012. The employment agreement provided for a base salary subject to annual review; an annual cash bonus of no specified amount based on pre-determined KPIs; annual stock option grants as approved by the Board; and cash in the amount of 5% of base annual salary for the purpose of making personal RRSP contributions (on an honour system). Amendments to Ms. Price's employment agreement were made on July 1, 2012 (for the purpose of altering vacation/paid time off entitlement and clarifying her parking benefit) and February 14, 2013 (for the purpose of amending the change of control definition, amending the share incentive share plan's section and amending the death and disability section). On January 4, 2014, Ms. Price replaced Mr. Saurabh Handa as Chief Financial Officer. On January 4, 2014, the Company amended the employment agreement with Ms. Price to reflect a base annual salary of \$105,000. Ms. Price's salary was reduced to 83% of her base annual salary on June 14, 2015 and then further reduced to 70% of her base annual salary on July 31, 2015 due to the financial condition of the Company.

Ms. Price was terminated without cause on January 28, 2016. Upon termination, Ms. Price was paid an aggregate of \$128,229 in consideration of all severance obligations under her employment agreement with the Company.

Referring to the Summary Compensation Table, all amounts under *All Other Compensation* for 2016 are sums the Company paid to Ms. Price for the purpose of her severance and other employment benefits contributions.

## INCENTIVE PLAN AWARDS

### Outstanding Option-Based Awards

No stock options were granted in 2016. Outstanding option-based awards for NEOs as at December 31, 2016, the end of the Company's most recently completed financial year, are set out in the following table. The value of unexercised in-the-money options noted in the following table is based on the TSX market closing price of the Company's common shares on December 31, 2016 being \$0.065.

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 (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Frank D. Wheatley	500,000	0.26	June 30, 2018	Nil	n/a	n/a
David McGoey	Nil	Nil	Nil	Nil	Nil	Nil
Lori Price	60,000	1.25	March 5, 2017	Nil	n/a	n/a
	5,000	1.25	April 18, 2017	Nil		
	30,000	0.60	February 13, 2018	Nil		
	45,000	0.24	July 3, 2018			

In conjunction with Mr. Wheatley's appointment as Chief Executive Officer, the TSX approved the grant of 500,000 stock options to Mr. Wheatley outside of the Company's stock option plan in accordance with Section 613(c) of the TSX Company Manual.

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

The following table discloses incentive plan awards, including annual incentive bonuses awarded during the financial year ended December 31, 2016:

Name	Option-based awards Value vested during the year <sup>(1)</sup> (\$)	Share-based awards Value vested during the year (\$)	Non-equity incentive plan compensation <sup>(2)</sup> Value earned during the year (\$)
Frank D. Wheatley	Nil	n/a	Nil
David McGoey	Nil	n/a	Nil
Lori Price	Nil	n/a	Nil

**Notes:**

- (1) The dollar value that would have been realized if the options had been exercised on their vesting dates, based on the difference between the market price of the underlying security, being the Company's common shares, at exercise and the exercise price of the options.
- (2) Annual (short term) cash bonus awards and milestone (medium term) cash bonus awards are defined and described in the section entitled *Elements of Executive Compensation* earlier in this Circular.

### PENSION PLAN BENEFITS

The Company does not have any defined benefit or defined contribution pension plans or any deferred compensation plans.

### TERMINATION AND CHANGE OF CONTROL BENEFITS

Termination and change of control benefits with respect to the NEOs are as described below.

**Termination Without Cause:**

When Mr. Wheatley's employment agreement was amended to reduce his salary to its current 42% of his base annual salary, the employment agreement was also amended to provide that Mr. Wheatley would waive his right to severance upon termination without cause for as long as Matco Investments Ltd. remains the largest shareholder of the Company.

As noted above, Ms. Price was terminated without cause on January 28, 2016 and was paid an aggregate of \$128,229 in consideration of all severance obligations under her employment agreement with the Company.

**Change of Control:**

Notwithstanding the amendment of Mr. Wheatley's employment agreement with respect to termination without cause referred to above, if as at the end of the most recently completed financial year, in the event of a change of control, as defined in the employment agreement, the Company had terminated Mr. Wheatley's employment within two years of the change of control, as defined in each employment agreement, or if Mr. Wheatley had terminated employment with the Company for "good reason" in conjunction with such change of control, for Mr. Wheatley within 180 days of the change of control, the Company would have paid to Mr. Wheatley a lump sum amount equivalent to a specific portion of the Mr. Wheatley's then-current base annual salary, as stipulated in the employment agreement, as follows:

NEO	\$	Determination of amount payable
Frank D. Wheatley	650,000	Representing 24 months' base annual salary

Change of control, in the employment agreement with Mr. Wheatley, is defined as the direct or indirect acquisition by a purchaser of more than 50% of the voting shares of the Company; or a change of composition of the Company's board of directors at a single meeting of shareholders such that a majority of directors change; or the sale or other disposition of all or substantially all of the Company's assets; or a business combination resulting in a purchaser holding more than 50% of the shares of the continuing entity.

As noted above, Ms. Price was terminated without cause on January 28, 2016 and was paid an aggregate of \$128,229 in consideration of all severance obligations under her employment agreement with the Company.

**Voluntary Termination**

The Company does not have any contractual arrangements or agreements with any NEO with respect to compensation payable after an NEO voluntarily resigns from his/her position with the Company. Therefore, there are no contractual arrangements with regard to the extension of benefits after resignation, the accelerated vesting of options upon resignation, or the award of any annual or milestone cash bonus award for the portion of an award year during which the NEO was still employed with the Company. If any such compensation were to be provided to the NEO after his/her voluntary termination of employment with the Company, it would be done so at the sole and voluntary discretion of the Board. The Company has not paid any such compensation during the last three financial years.

**OTHER COMPENSATION MATTERS****Proportion of Common Shares Held by Directors and Executive Officers**

As of the date of the information contained in this Circular, the directors and executive officers of the Company, collectively, beneficially own, directly and indirectly, or exercise control or direction over 56,768,968 common shares (57,903,968 on a fully diluted basis) representing 45.8% (46.7% on a fully diluted basis) of the issued and outstanding common shares.



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

No current or former executive officer, director or employee of the Company or any of its subsidiaries or any proposed nominee for election as a director of the Company, or any associate or affiliate of any such executive officer, director, employee or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee, support agreement, letter of credit or other similar arrangement by the Company or any of its subsidiaries in connection with the indebtedness, at any time since the beginning of the most recently completed financial year of the Company.

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

No director or executive officer of the Company at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a director of the Company, and no associate or affiliate of any such persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as set forth in this Circular and except for any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of shares in the capital of the Company.

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

Other than as described below and elsewhere in this Circular, no informed person or proposed director and no associate or affiliate of the foregoing has had a material interest, direct or indirect, in any transaction involving the Company since the commencement of the Company's most recently completed financial year, or will have any material interest in any proposed transaction, which has materially affected or will materially affect the Company.

On September 30, 2015, Matco Investments Ltd. ("Matco"), Calgary, Alberta, a company whose president and CEO is a director of the Company, participated in a rights offering conducted by the Company, pursuant to which Matco purchased an aggregate of 8,888,889 common shares at a price of \$0.045 per common share for a total subscription price of \$400,000.

Matco currently owns approximately 38.66% of the Company.

During the past three financial years, the Company remitted to Matco the following amounts for interest and financing fees: \$nil (financial year ended December 31, 2016); \$3,913 (financial year ended December 31, 2015), and \$nil (financial year ended December 31, 2014).

CME Consultants Inc., Vancouver, British Columbia, is a company whose president, Christopher Naas, was a director of the Company until his term concluded in 2012 and who remains a director of the Company's subsidiary company, Harper Creek Mining Corp. The Company has engaged CME Consultants Inc. to perform project management and exploration activities as disclosed in the Company's annual information form dated January 28, 2016 and filed on SEDAR.

## **MANAGEMENT CONTRACTS**

Except as described in this Circular, management functions of the Company are not, in any substantial degree, performed by a person or persons other than the directors or executive officers of the Company.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available at [www.sedar.com](http://www.sedar.com) under the name "Yellowhead Mining Inc.". Financial information for the financial year ended December 31, 2016 is provided in the Company's comparative financial statements and management's discussion and analysis ("MD&A"). Copies of the Company's financial statements and MD&A may be obtained by contacting the Secretary of the Company in writing at 4900 Eighth Avenue Place, 525 - 8th Avenue SW, Calgary, Alberta T2P 1G2 or by email at [info@yellowheadmining.com](mailto:info@yellowheadmining.com). Copies of such documents will be provided to shareholders free of charge.

## Schedule A

### YELLOWHEAD MINING INC.

#### STOCK OPTION PLAN

dated as of January 15, 2010, as amended and restated as of May 19, 2011, as of April 19, 2012, as of May 6, 2015 and as of March 27, 2017

#### 1. PURPOSE OF THE PLAN

The purpose of the Plan is to (a) attract and retain superior directors, officers, advisors, employees and other persons or companies engaged to provide ongoing services to the Company, to provide an incentive for such persons to put forth maximum effort for the continued success and growth of the Company, and in combination with these goals, to encourage their participation in the performance of the Company; and (b) closely align the personal interests of such directors, officers, advisors, employees and other persons or companies with those of the Shareholders by providing them with the opportunity, through the grant of Options, to acquire Shares.

#### 2. DEFINITIONS

In this Plan, the following terms have the following meanings:

- 2.1 "Affiliate" has the meaning set out under the *Business Corporations Act* (British Columbia).
- 2.2 "Associate" has the meaning set out under the Securities Act.
- 2.3 "Black-Out Period" means that period during which a trading black-out period is imposed by the Company to restrict trades in the Company's securities by an Eligible Person or Permitted Assign;
- 2.4 "Board" means the board of directors of the Company.
- 2.5 "Change of Control" means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities (as defined in the Securities Act) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty (50%) per cent of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board.
- 2.6 "Company" means Yellowhead Mining Inc. and its successors.
- 2.7 "Compensation Committee" means the committee of the Board as constituted from time to time to oversee compensation matters;
- 2.8 "Consultant" means:
- (a) an individual or company, other than an Employee or a director of the Company, that:
    - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution, as defined under the Securities Act;
    - (ii) provides the services under a written contract between the Company or an Affiliate of the Company and the individual or company;
    - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and

- (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.

Or,

- (b) an individual who is an employee, shareholder or partner of a person or company that is a Consultant under subsection 2.8(a).

2.9 “Consultant Company” means for an individual Consultant, the company of which the individual Consultant is an employee or shareholder.

2.10 “Consultant Partnership” means for an individual Consultant, a partnership of which the individual Consultant is an employee or partner.

2.11 “Disability” means a physical injury or mental incapacity of a nature which the Board determines prevents or would prevent the Optionee from satisfactorily performing the substantial and material duties of his or her position with the Company.

2.12 “Disinterested Shareholder Approval” means that the proposal must be approved by a majority of the votes cast at the shareholders’ meeting other than votes attaching to securities beneficially owned by Insiders and their Associates to whom shares may be issued pursuant to this Plan.

2.13 “Eligible Person” means, from time to time, any bona fide director, senior officer or employee of the Company or any Related Entity of the Company, any Permitted Consultant and any Permitted Assign.

2.14 “Employee” means a bona fide employee as defined in the policies of the Exchange.

2.15 “Exchange” means the TSX Venture Exchange, Toronto Stock Exchange or any other stock exchange on which the Shares are listed.

2.16 “Expiry Date” means the date set by the Board under section 4.1 of the Plan, as the last date on which an Option may be exercised.

2.17 “Grant Date” means the date specified in an Option Agreement as the date on which an Option is granted.

2.18 “Insider” means an insider as defined in the Securities Act, and includes Associates and Affiliates of an Insider, but excludes a director or senior officer of a subsidiary or Related Entity of the Company unless such director or senior officer

- (a) in the ordinary course receives or has access to information as material facts or material changes concerning the Company before the material facts or material changes are generally disclosed;
- (b) is a director or senior officer of a major subsidiary (as defined in National Instrument 55-101); or
- (c) is an Insider of the Company in a capacity other than as a director or senior officer of the subsidiary or Related Entity.

2.19 “Joint Actor” means a person acting “jointly or in concert with” another person as that phrase is interpreted in Multilateral Instrument 62-104 Take-Over Bids and Issuer Bids.

2.20 “Market Price” of a Share means, on any given day:

- (a) where the Share is not listed on an Exchange, the fair market value of a Share on that day determined by the Board in good faith; and

- (b) where the Share is listed on an Exchange, the last daily closing price per Share on the Exchange on the trading day immediately preceding the relevant date and if there was no sale on the Exchange on such date, then the last sale prior thereto.
- 2.21 “Non-Employee Director” means a director of the Company who is not also an employee of the Company.
- 2.22 “Option” means an option to purchase Shares.
- 2.23 “Option Agreement” means an agreement, in the form attached hereto as Schedule “A”, whereby the Company grants to an Optionee an Option.
- 2.24 “Optionee” means each of the directors, officers, Employees and Consultants of the Company or its Affiliates who have been granted an Option pursuant to this Plan, and includes their heirs, executors and administrators and, subject to the policies of the Exchange, an Optionee may also be a corporation wholly-owned by an individual eligible for an Option grant pursuant to this Plan.
- 2.25 “Option Price” means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of sections 5.9, 6.1, 6.2 or 6.3.
- 2.26 “Outstanding Issue” means the aggregate number of Shares outstanding on a non-diluted basis immediately prior to the share issuance in question.
- 2.27 “Permitted Assign” means for a person that is an employee, executive officer, director or Consultant of the Company or Related Entity, a holding entity (as defined in National Instrument 45-106) of the person or an RRSP or RRIF of the person.
- 2.28 “Permitted Consultant” means a Consultant, a Consultant Company or Consultant’s Partnership;
- 2.29 “Plan” means this Yellowhead Mining Inc. Stock Option Plan.
- 2.30 “Redundancy” means the termination of employment due to the fact that the person’s employer has ceased or intends to cease
- (a) to carry on business for the purposes of which the employee was employed by him, or
  - (b) to carry on that business in the place where the employee was so employed, or
  - (c) the requirements of that business
    - (i) for employees to carry out work of a particular kind, or
    - (ii) for employees to carry out work of a particular kind in the place where the employee was employed by the employer,
- have ceased or diminished or are expected to cease or diminish.
- 2.31 “Retirement” means the termination of employment due to retirement of an Optionee on or after such Optionee’s normal retirement date under the applicable retirement plan or policy of his or her employer or due to early retirement with the consent of the Board.
- 2.32 “Shares” means the common shares in the capital of the Company as constituted on the date of this Plan provided that, in the event of any adjustment pursuant to section 6, “Shares” shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.33 “Securities Act” means the *Securities Act*, R.S.B.C. 1996, c.418, as amended from time to time.

2.34 “Unissued Option Shares” means the number of Shares, at a particular time, which have been allotted for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of sections 5.9, 6.1, 6.2 or 6.3, such adjustments to be cumulative.

2.35 “Vested” means that an Option has become exercisable in respect of a number of Shares by the Optionee pursuant to the terms of the Option Agreement.

As used in this Plan, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa, unless the context otherwise requires and references to person includes any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation (with or without share capital), unincorporated association, trust, trustee, executor, administrator or other legal representative.

### **3. ADMINISTRATION OF THE PLAN**

3.1 The Plan shall be administered by the Board with the assistance of the Compensation Committee and the Chief Executive Officer as provided herein.

3.2 The members of the Compensation Committee shall be appointed from time to time by, and serve at the pleasure of, the Board. A majority of the Compensation Committee shall constitute a quorum thereof. Acts approved in writing by all members of the Compensation Committee shall constitute valid acts of the Compensation Committee as if taken at a meeting at which a quorum was present.

3.3 The Chief Executive Officer of the Company shall periodically make recommendations to the Compensation Committee as to the grant of Options.

3.4 The Compensation Committee shall, on at least an annual basis, make recommendations to the Board as to the grant of Options.

3.5 The Board may wait until such time as the financial statements of the preceding fiscal year are approved by the Board before making any determination regarding the grant of Options.

3.6 In addition to the powers granted to the Board under the Plan and subject to the terms of the Plan, the Board shall have full and complete authority to grant Options, to interpret the Plan, to prescribe such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and to take such actions in connection therewith as it deems necessary or advisable. Any such interpretation, rule, determination or other act of the Board shall be conclusively binding upon all persons.

3.7 The Board may authorize one or more officers of the Company to execute and deliver and to receive documents on behalf of the Company.

### **4. GRANT OF OPTIONS**

#### **4.1 Option Terms**

The Board may from time to time authorize the issue of Options to directors, officers, Employees and Consultants of the Company and of its Affiliates. The Option Price in respect of each Option shall be not less than the Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten (10) years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee.

#### **4.2 Maximum Number of Shares**

Options may be granted in respect of authorized and unissued Shares provided that, the maximum aggregate number of Shares reserved for issuance and which may be purchased upon the exercise of all Options shall not exceed 10% of the Outstanding Issue. If any Options granted under this Plan shall expire, terminate or be cancelled for any reason without

having been exercised in full, any unpurchased Shares to which such Options relate shall be available for the purpose of granting further Options under the Plan and the Company shall reserve additional Shares for issuance pursuant to such Options. No fractional Shares may be purchased or issued under the Plan.

#### 4.3 Limits on Shares Issuable on Exercise of Options

Notwithstanding any other provision of the Plan:

- (a) The aggregate number of Shares reserved for issuance or granted within any 12 month period to any one Optionee under the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, shall not exceed 5% of the Outstanding Issue, unless the Company has obtained Disinterested Shareholder Approval;
- (b) The aggregate number of Shares issuable to the Insiders under the Plan, together with all of the Company's other share plan arrangements, shall not at any time exceed 10% of the Outstanding Issue;
- (c) The number of Shares issued to Insiders under the Plan, together with all of the Company's other share compensation arrangements, within any 12 month period shall not exceed 10% of the Outstanding Issue;
- (d) The aggregate number of Shares which may be granted within any 12 month period to any one Consultant is limited to 2% of the Outstanding Issue;
- (e) The value of Options granted to an individual Non-Employee Director within any one-year period shall not exceed a maximum value of \$100,000; and
- (f) If the Company's Shares are listed on the TSX Venture Exchange, the aggregate number of Shares which may be granted within any 12 month period to a Participant employed to provide Investor Relations Activities is limited to 2% of the Outstanding Issue, and are subject to the following additional limitations:
  - (i) Options issued to Consultants providing Investor Relations Activities shall vest in stages over 12 months with no more than 25% of the Options vesting in any three month period; and
  - (ii) The Board shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Company by all optionees performing Investor Relations Activities.

4.4 Any entitlement to acquire Shares granted pursuant to the Plan or any other Options prior to the grantee becoming an Insider shall be excluded for the purposes of the limits set out in paragraph 4.3(c) above.

#### 4.5 Option Agreement

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee.

#### 4.6 Taxes

The Board and the Company may take all such measures as they deem appropriate to ensure that the Company's obligations under the withholding provisions under income tax laws applicable to the Company and other provisions of applicable laws are satisfied with respect to the issuance of Shares pursuant to the Plan or the grant or exercise of Options under the Plan. Issuance of Shares or delivery of share certificates for Shares purchased pursuant to the Plan may be delayed, at the discretion of the Board, until the Board is satisfied that the applicable requirements of income tax laws and other applicable laws have been met.

## 5. EXERCISE OF OPTION

### 5.1 When Options may be exercised

Subject to sections 5.3 and 5.5, an Option may be exercised to purchase any number of Shares up to the number of Vested Unissued Option Shares at any time after the Grant Date up to 5:00 p.m. (Vancouver time) on the Expiry Date and shall not be exercisable thereafter. If an Option expires during a Black-Out Period, then, notwithstanding any other provision of the Plan, the Option shall expire 10 days after the Black-Out Period is lifted by the Company.

### 5.2 Manner of Exercise

The Option shall be exercisable by delivering to the Company a notice specifying the number of Shares in respect of which the Option is exercised, together with payment in full of the Option Price for each such Share. Upon notice and payment being provided to the Company, there will be a binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery by the Optionee of cash, a wire transfer, a certified cheque or a bank draft payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the certified cheque or bank draft is not honoured upon presentation in which case, the Option shall not have been validly exercised.

### 5.3 Vesting of Option Shares

The Board, subject to the policies of the Exchange, may determine and impose terms upon which each Option shall become vested, provided that, if the Company's Shares are listed on the TSX Venture Exchange, Options granted to Consultants performing investor relations activities, must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period.

### 5.4 Change of Control

In the event of a Change of Control, all Options that are not Vested shall vest immediately and automatically without further action by the Board, subject to any restrictions imposed by the Exchange pursuant to its policies stated herein or otherwise at the time of vesting.

### 5.5 Termination of Employment

If an Optionee ceases to be a director, officer, Employee or Consultant of the Company or of an Affiliate of the Company, his or her Option shall be exercisable as follows:

- (a) Death - If the Optionee ceases to be a director, officer, Employee or Consultant of the Company or of an Affiliate of the Company, due to his death or, in the case of an Optionee that is a company, the death of the person who provides management or consulting services to the Company or to any entity controlled by the Company, Options then held by the heir, executor, or administrator of the estate of, a deceased Optionee shall be exercisable to acquire Unissued Option Shares, Vested as at the date of death at any time up to but not after the earlier of:
  - (i) 120 days after the date of death; and
  - (ii) the Expiry Date.
- (b) Termination for Cause - If the Optionee, or in the case of an Option granted to an Optionee who falls under the definition of Consultant set out in subsection 2.8(b), the Optionee's employer, partner or company in which he or she is a shareholder, ceases to be a director, officer, Employee or Consultant of the Company or of an Affiliate of the Company as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of the Optionee who satisfies the definition, is employed or engaged; any outstanding Option held by such Optionee on the

date of such termination, whether in respect of Shares that are Vested or not, shall be cancelled as of that date and become null and void immediately upon such termination.

- (c) Early Retirement, Voluntary Resignation, Redundancy or Termination Other than for Cause - If the Optionee or, in the case of an Option granted to an Optionee who falls under the definition of Consultant set out in subsection 2.8(b), the Optionee's employer, partner or company in which he or she is a shareholder, ceases to be a director, officer, Employee or Consultant of the Company or of an Affiliate of the Company due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, or due to Redundancy, unless otherwise set to a later date, such date not to be later than the Expiry Date, by the Board on the Grant Date or at a subsequent date, the Options Vested as at the date of termination then held by the Optionee shall be exercisable to acquire Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days, or such other period (which shall not be longer than 12 months from date of termination) as set out in the Option Agreement, after the Optionee or, in the case of an Option granted to an Optionee who falls under the definition of Consultant set out in subsection 2.8(b), the Optionee's employer, partner or company in which he or she is a shareholder ceases to be a director, officer, Employee or Consultant of the Company or of an Affiliate of the Company. For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this section 5.5(c) occurred, shall not be or become exercisable in respect of such Unissued Option Shares and shall be cancelled.

#### 5.6 Investor Relations Providers

If the Company's Shares are listed on the TSX Venture Exchange, if an Optionee ceases to be employed to provide investor relations activities to the Company, the Option then held by him or her shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 30 days after the Optionee, or, in the case of an Option granted to an Optionee who falls under the definition of Consultant set out in subsection 2.8(b), the Optionee's employer, partner or company in which he or she is a shareholder, ceases to be employed to perform investor relations activities to the Company, unless otherwise set to a later date, such date not be later than the Expiry Date, by the Board on the Grant Date or at a subsequent date.

#### 5.7 Extending the Option Expiry Period

The Board may also in its sole discretion (without the requirement of Shareholder approval) increase the periods permitted to exercise all or any of the Options covered by any grant following a termination of employment, engagement or directorship as provided above, if allowable under applicable law and such increase is not longer than 12 months; provided, however, that in no event shall any Option be exercisable following the Expiry Date.

#### 5.8 Exclusion from Severance Allowance, Retirement Allowance or Termination Settlement

If the Optionee, or, in the case of an option granted to an Optionee who falls under the definition of Consultant set out in subsection 2.8(b), the Optionee's employer, partner or company in which he or she is a shareholder, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Shares which were not Vested at that time or which, if Vested were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of or form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

#### 5.9 Shares Not Acquired

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events referred to herein as a "Share Reorganization")



then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
  - (i) the Option Price in effect immediately before that effective date or record date, and
  - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying:
  - (i) the number of Unissued Option Shares immediately before such effective date or record date by; and
  - (ii) a fraction which is the reciprocal of the fraction described in subsection (a)(ii).

## **6. DISTRIBUTION**

### **6.1 Special Distribution**

Subject to the prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of the Company has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "Special Distribution"), and effective immediately after the record date on which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Unissued Option Shares as a result of such Special Distribution,

### **6.2 Corporate Reorganization**

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in section 5.9, and 6.1;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or
- (c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property or another corporation;

(any such event being herein called a “Corporate Reorganization”) the Optionee will have an option to purchase (at the times, for the consideration and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

### 6.3 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company’s auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

### 6.4 Regulatory Approval

Any adjustment to the Option Price of the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of sections 5.9, 6.1, 6.2 or 6.3 is subject to the approval of the Exchange and any other governmental authority having jurisdiction.

### 6.5 Disinterested Shareholder Approval

Disinterested Shareholder Approval will be obtained for any reduction in the Option Price if the Optionee is an Insider of the Company at the time of the proposed amendment.

## 7. MISCELLANEOUS

### 7.1 Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment. If the Shares are listed on the Exchange, as a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the date of grant that the Optionee is a bona fide director, officer, Employee or Consultant of the Company or its Affiliates.

### 7.2 Necessary Approvals

The Plan shall be effective only upon the approval of the shareholders of the Company. Any Options granted under this Plan prior to such approval shall only be exercised upon the receipt of such approval. The obligations of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchange and any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

### 7.3 Administration of the Plan

The Board shall, without limitation, have full and final authority in its discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in sections 6.3 and 6.4, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

#### 7.4 Amendments to the Plan

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee.

Notwithstanding the foregoing the Board is specifically authorized to amend or revise the terms of the Plan or any Option without obtaining shareholder approval in the following circumstances, provided that, in the case of any Option, no such amendment or revision may, without the consent of the Optionee, materially decrease the rights or benefits accruing to such Optionee or materially increase the obligations of such Optionee:

- (g) amendments of a “housekeeping” nature including, but not limited to, of a clerical, grammatical or typographical nature;
- (h) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (i) a change to the vesting provisions of any Option or the Plan;
- (j) amendments to reflect any changes in requirements of any securities regulatory authority or Exchange to which the Company is subject;
- (k) a change to the termination provisions of an Option which does not result in an extension beyond the Option Period as contemplated in section 5.7 of the Plan;
- (l) in the case of any Option, the substitution of another award of the same or different type;
- (m) in the case of any Option, such amendments or revisions contemplated in subsections 5.9, 6.1, 6.2 or 6.3 of the Plan;
- (n) amendments to the definition of change of control for the purposes hereof;
- (o) the addition of a cashless exercise feature, payable in cash or securities of the Company; and
- (p) a change to the class of Eligible Persons that may participate under the Plan.

For greater certainty, the Option Price of any outstanding Option granted to any non-Insiders of the Company may not be reduced and the original Option Period of any outstanding Option granted to any non-Insiders of the Company may not be extended unless shareholder approval is obtained by way of a resolution passed by a majority of the votes cast by the shareholders at a meeting of shareholders, except in certain circumstances where the Corporation has imposed a Black-Out Period in accordance with subsection 5.1. The Option Price of any outstanding Option granted may not be reduced, and the original Option Period may not be extended to the benefit of Insiders of the Company and subsections 4.3(b) and 4.3(c) may not be amended unless Disinterested Shareholder Approval is obtained in accordance with the requirements of the Exchange, except in certain circumstances where the Corporation has imposed a Black-Out Period in accordance with subsection 5.1.

Notwithstanding anything in this section 7.4, no amendments to the following matters shall be made by the Board without the Company first obtaining Shareholder approval:

- (q) amend the Plan to increase the number of Shares reserved for issuance under the Plan;

- (r) any amendment which would permit Options granted under the Plan to be transferable or assignable otherwise than for normal estate settlement purposes; and
- (s) amend subsections 4.3(a), (d), and (e) or this subsection 7.4.

#### 7.5 Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the Chief Executive Officer or Corporate Secretary of the Company.

#### 7.6 No Representation or Warranty

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

#### 7.7 Compliance with Applicable Law

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

#### 7.8 No Assignment or Transfer

Except as specifically contemplated herein, no Optionee may assign or transfer any of his or her rights under the Plan or an Option granted under this Plan.

#### 7.9 Rights of Optionee

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting gifts or any right to receive dividends, warrants or rights under any rights offering).

#### 7.10 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

#### 7.11 Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the Province of British Columbia.

#### 7.12 Time of Essence

Time is of the essence of this Plan and each Option Agreement. No extension of time will be determined to be or to operate as a waiver of the essentiality of time.

#### 7.13 Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionee relative to the subject matter hereof and supercedes all prior agreements, undertakings and understandings, whether oral or written.

#### 7.14 Resale Restrictions

Any Shares issued pursuant to this Plan will be subject to any resale restrictions required by the Exchange or those of any securities regulatory authority having jurisdiction.

#### 7.15 Effective Date, Amendment and Termination

The Plan is effective as of January 15, 2010. The Plan has been amended and restated as of May 19, 2011, as of April 12, 2012, as of May 6, 2015 and as of March 27, 2017.

**SCHEDULE "A"**  
**YELLOWHEAD MINING INC.**  
**STOCK OPTION PLAN OPTION AGREEMENT**

This Option Agreement is entered into between Yellowhead Mining Inc. (the "Company") and the Optionee named below pursuant to the Yellowhead Mining Inc. Stock Option Plan (the "Plan"), a copy of which is attached hereto and confirms that:

2. <\*> (the "Grant Date");
3. <\*> (the "Optionee");
4. was granted the option (the "Option") to purchase <\*> Common shares (the "Option Shares") of the Company;
5. for the price (the "Option Price") of \$<\*> per share;
6. which shall be exercisable ("Vested") in whole or in part in the following amounts on or after the following dates:  
<\*>;
7. in the event of termination under Section 5.5(c) of the Plan, Vested Unissued Option Shares shall be exercisable for a period of <\*> days after the date of termination;
8. terminating on the <\*> (the "Expiry Date"),

all on the terms and subject to the conditions set out in the Plan. For greater certainty, once Option Shares have become Vested, such Option Shares continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan. In any case of any inconsistency between this Option Agreement and the Plan, the Plan shall govern.

The vested portion or portions of the Option may be exercised at any time and from time to time from and including the Award Date through to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator of the Plan an Exercise Notice, in the form attached, together with this Agreement and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate of the Option Price of the Shares in respect of which the Option is being exercised plus an amount equivalent to the applicable withholding taxes.

Unless otherwise indicated, all defined terms shall have the respective meanings attributed thereto in the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the day of <\*>, 20<\*>.

**YELLOWHEAD MINING INC.**

Per: \_\_\_\_\_  
Authorized Signatory

**YELLOWHEAD MINING INC.**  
**STOCK OPTION PLAN EXERCISE NOTICE**

TO: The Administrator, Stock Option Plan  
Yellowhead Mining Inc. (the "Company")  
4900 Eighth Avenue Place, 525 - 8th Avenue SW  
Calgary, Alberta | T2P 1G2

The undersigned hereby irrevocably gives notice, pursuant to the Company's Stock Option Plan (the "Plan"), of the exercise of the Option to acquire and hereby subscribes for:

\_\_\_\_\_ (quantity) Common Shares at the Exercise Price of \$\_\_\_\_\_ each.

The undersigned tenders herewith a cheque payable to the Company in an amount equal to the aggregate Exercise Price of the aforesaid Common Shares exercised plus applicable withholding taxes thereon and directs the Company to issue the certificate evidencing said Common Shares in the name of the undersigned to be issued as follows:

Please send a: (check one)

Share Certificate

OR

A Statement representing the book-based shares on electronic register (with instructions regarding how to request a certificate if required in the future).

**Delivery Instructions**

(by mail):

**Registration Instructions**

Same as Delivery (check  ) or:

\_\_\_\_\_  
Name

\_\_\_\_\_  
Name

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Account reference, if applicable

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Address

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Telephone Number

By executing this Exercise Notice, the undersigned hereby confirms that the undersigned has read the Plan and agrees to be bound by the provisions of the Plan. All terms not otherwise defined in this Exercise Notice shall have the meanings given to them under the Plan or the attached Option Certificate.

DATED the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
**Print Name of Option Holder**

\_\_\_\_\_  
**Signature of Option Holder**

## Schedule B

### BOARD MANDATE

**Adopted on June 22, 2009 and Amended on October 23, 2011**

The Board of Directors (the "Board") of Yellowhead Mining Ltd. (the "Company") shall have the oversight responsibility, authority and specific duties as described below.

Under the British Columbia Business Corporations Act, the directors of the Company are required to oversee the Company's business and affairs, and in doing so, to act honestly and in good faith with a view to the best interests of the Company. In addition, each director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board of Directors is responsible for supervising the conduct of the Company's affairs and the management of its business. This includes setting long term goals and objectives for the Company, formulating the plans and strategies necessary to achieve those objectives and overseeing senior management in their implementation. Although the Board delegates the responsibility for managing the day to day affairs of the Company to senior management personnel, the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Company and its business.

The Board needs to be satisfied that the Company's senior management will manage the affairs of the Company in the best interest of the shareholders, and that the arrangements made for the management of the Company's business and affairs are consistent with the Board's duties described above. The Board is responsible for protecting shareholder interests and ensuring that the interests of the shareholders and of management are aligned. The obligations of the Board must be performed continuously, and not merely from time to time, and in times of crisis or emergency the Board may have to assume a more direct role in managing the affairs of the Company.

In discharging this responsibility, the Board oversees and monitors significant corporate plans and strategic initiatives. The Board's strategic planning process includes annual and quarterly budget reviews and approvals, and discussions with management relating to strategic and budgetary issues. At least one meeting per year is to be devoted substantially to a review of strategic plans proposed by management.

The Board reviews the principal risks inherent in the Company's business, including financial risks, through periodic reports from management of such risks. This review takes place in conjunction with the Board's review of operations and risk issues at each Board meeting, at which time the Board assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of the internal financial control and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve annual operating and capital budgets, any material dispositions, acquisitions and investments outside of the ordinary course of business or not provided for in the approved budgets, long-term strategy, organizational development plans and the appointment of senior executive officers. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Company's business.

The Board also expects management to provide the directors on a timely basis with information concerning the business and affairs of the Company, including financial and operating information and information concerning industry developments as they occur, all with a view to enabling the Board to discharge its stewardship obligations effectively. The Board expects management to efficiently implement its strategic plans for the Company, to keep the Board fully apprised of its progress in doing so and to be fully accountable to the Board in respect to all matters for which it has been assigned responsibility.

The Board has instructed management to maintain procedures to monitor and promptly address shareholder concerns and has directed and will continue to direct management to apprise the Board of any major concerns expressed by shareholders.

The roles of Chairperson and Chief Executive Officer will be as set forth in position statements as may be established by the Board from time to time.



This Mandate will be reviewed periodically by the Board of Directors of the Company and supplemented as required from time to time.

### **Board Committees**

The Board establishes and dissolves Committees as its discretion in accordance with the ongoing needs of the Company. However, at all times, there will be an Audit Committee, a Compensation Committee, and a Corporate Governance and Nominating Committee.

Each Committee operates under a written mandate approved by the Board, which sets out its authority, composition, duties and responsibilities. The responsibilities of the Board may be delegated to Committees of the Board on such terms as the Board may consider appropriate, and subject to the provision of legal and statutory requirements.

### **The Roles of the Board of Directors**

The Board fulfills its mandate through direct oversight, setting policy, appointing committees and appointing management. Specific responsibilities include the following:

1. Approving the issuance of any securities of the Company.
2. Approving the incurrence of any debt by the Company outside the ordinary course of business.
3. Reviewing and approving the annual and quarterly capital and operating budgets.
4. Reviewing and approving major deviations from the capital and operating budgets.
5. Approving the annual financial statements and quarterly financial statements, including the Management Discussion & Analysis, management information circulars, annual information forms, annual reports, offering memorandums and prospectuses.
6. Approving material investments, dispositions and joint ventures, and approving any other major initiatives outside the scope of approved budgets.
7. Reviewing and approving the Company's strategic plans, adopting a strategic planning process and monitoring the Company's performance.
8. Reviewing and approving the Company's incentive compensation plans for officers and senior management.
9. Determining the composition, structure, processes, and characteristics of the Board and the terms of reference of committees of the Board, and establishing a process for monitoring the Board, its committees and its directors on an ongoing basis to ensure continued effectiveness.
10. Nominating the candidates for the Board to the shareholders, based on recommendations from the Corporate Governance and Nominating Committee.
11. Ensuring an appropriate orientation and education program for new directors is provided.
12. Determining whether individual directors meet the requirements for independence under applicable regulatory requirements.
13. Monitoring the ethical conduct of the Company and ensuring that it complies with applicable legal and regulatory requirements.
14. Ensuring that the directors that are independent of management have the opportunity to meet regularly.
15. Reviewing this Mandate and other Board policies and terms of reference for Committees in place from time to time and propose modifications as applicable.

16. Appointing and monitoring the performance of senior management, formulating succession plans for senior management and, with the advice of the Compensation Committee, approving the compensation of senior management.
17. Ensuring policies and processes are in place for identifying principal business risks and opportunities for the Company, addressing the extent to which such risks are acceptable to the Company, and ensuring that appropriate systems are in place to manage risks.
18. Ensuring policies and processes are in place to ensure the integrity of the Company's internal control, financial reporting and management information systems.
19. Ensuring appropriate policies and processes are in place to ensure the Company's compliance with applicable laws and regulations, including timely disclosure of relevant corporate information and regulatory reporting and the implementation of appropriate corporate governance practices.
20. Exercising direct control during periods of crisis.
21. Serving as a source of advice to senior management, based on directors' particular backgrounds and experience.
22. Ensuring that the directors have direct access to management and, as necessary and appropriate, independent advisors.
23. Ensuring evaluations of the Board and committee are carried out at least annually.

#### **Organization of the Board of Directors**

- Size: As determined appropriate by the Board and in accordance with the articles of the Company.
- Independence: The Board monitors best practices recommendations and intends to fully comply with the corporate governance requirements relating to the composition and independence of board and committee members under applicable legislation and stock exchange rules by the date of the effectiveness of such legislation and rules or earlier and, through the Corporate Governance and Nominating Committee, to identify additional qualified board candidates where required to meet such requirements.
- Fees: The Board shall establish guidelines for determining the form and amount of director compensation.

#### **Meetings**

The Board holds regular annual and quarterly meetings. Between the quarterly meetings, the Board meets on an ad hoc basis as required, generally by means of telephone conferencing facilities. As part of the annual and quarterly meetings, the independent directors also have the opportunity to meet separate from management and related directors. Management also communicates informally with members of the Board on a regular basis, and solicits the advice of Board members falling within their specific knowledge and experience. Each director shall review all Board meeting materials in advance of each meeting and shall make all reasonable efforts for attendance at all Board and Board Committee meetings.

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