

## **STRATEGIC METALS LTD.**

### **MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 13, 2017**

This information is given as of **August 1, 2017**

#### **I. SOLICITATION OF PROXIES**

This Information Circular is furnished in connection with the solicitation of proxies by the management of **STRATEGIC METALS LTD.** (the "Company") for use at the Annual General and Special Meeting (the "Meeting") of the shareholders of the Company, to be held at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding 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.

#### **II. PERSONS OR COMPANIES MAKING THE SOLICITATION**

**The enclosed instrument of proxy is solicited by management.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute the instrument of proxy. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Company. None of the directors of the Company has advised management in writing that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

#### **III. APPOINTMENT AND REVOCATION OF PROXIES**

The persons named in the accompanying instrument of proxy are directors or officers of the Company. **A shareholder has the right to appoint a person to attend and act for him on his behalf at the Meeting other than the persons named in the enclosed instrument of proxy. To exercise this right, a shareholder shall strike out the names of the persons named in the instrument of proxy and insert the name of his nominee in the blank space provided, or complete another instrument of proxy.**

**The completed instrument of proxy must be dated and signed and the duly completed instrument of proxy must be deposited at the Company's transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1 at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays.**

The instrument of proxy must be signed by the shareholder or by his duly authorized attorney. If signed by a duly authorized attorney, the instrument of proxy must be accompanied by the original power of attorney or a notarially certified copy thereof. If the shareholder is a corporation, the instrument of proxy must be signed by a duly authorized attorney, officer, or corporate representative, and must be accompanied by the original power of attorney or document whereby the duly authorized officer or corporate representative derives his power, as the case may be, or a notarially certified copy thereof. The Chairman of the Meeting has discretionary authority to accept proxies which do not strictly conform to the foregoing requirements.

**In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by (a) signing a proxy bearing a later date and depositing it at the place and within the time aforesaid, (b) signing and dating a written notice of revocation (in the same manner as the instrument of proxy is required to be executed as set out in the notes to the instrument of proxy) and either depositing it at the place and within the time aforesaid or with the Chairman of the Meeting on the day of the Meeting or on the day of any adjournment thereof, or (c) registering with the scrutineer at the Meeting as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked.**

#### **IV. VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES**

On any poll, the persons named in the enclosed instrument of proxy will vote the shares in respect of which they are appointed and, where directions are given by the shareholder in respect of voting for or against any resolution, will do so in accordance with such direction.

**In the absence of any direction in the instrument of proxy, it is intended that such shares will be voted in favour of the resolutions placed before the Meeting by management and for the election of the management nominees for directors and auditor, as stated under the headings in this Information Circular.** The instrument of proxy enclosed, when properly completed and deposited, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to any other matters which may be properly brought before the Meeting. At the time of printing of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any such amendments, variations or other matters should properly come before the Meeting, the proxies hereby solicited will be voted thereon in accordance with the best judgement of the nominee.

#### **V. ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

Only registered holders of common shares of the Company or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, common shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans) that the Non-Registered Holder deals with in respect of the shares, or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

*Distribution to NOBOs*

In accordance with the requirements of the Canadian Securities Administrators and National Instrument 54-101, “Communication with Beneficial Owners of Securities of a Reporting Issuer” (“**NI-54-101**”), the Company will have caused its agent to distribute copies of the Notice of Meeting and this Circular (collectively, the “**meeting materials**”) as well as a Voting Instruction Form directly to those Non-Registered Holders who have provided instructions to an Intermediary that such Non-Registered Holder does not object to the Intermediary disclosing ownership information about the beneficial owner (“**Non-Objecting Beneficial Owner**” or “**NOBO**”).

*These securityholder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding 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 Instruction Form enclosed with mailings to NOBOs.*

The meeting materials distributed by the Company’s agent to NOBOs include a Voting Instruction Form. Please carefully review the instructions on the Voting Instruction Form for completion and deposit.

*Distribution to OBOs*

In addition, the Company will have caused its agent to deliver copies of the meeting materials to the clearing agencies and Intermediaries for onward distribution to those Non-Registered Shareholders who have provided instructions to an Intermediary that the beneficial owner objects to the Intermediary disclosing ownership information about the beneficial owner (“**Objecting Beneficial Owner**” or “**OBO**”).

Intermediaries are required to forward the meeting materials to OBOs unless an OBO has waived his or her right to receive them. Intermediaries often use service companies such as Broadridge Proxy Services to forward the meeting materials to OBOs. Generally, those OBOs who have not waived the right to receive meeting materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile stamped signature), which is restricted as to the number of shares beneficially owned by the OBO, but which is otherwise uncompleted. This form of proxy need not be signed by the OBO. In this case, the OBO who wishes to submit a proxy should properly complete the form of proxy and deposit it with **Computershare Investor Services Inc.** in the manner set out above in this circular, with respect to the common shares beneficially owned by such OBO; **OR**
- (b) more typically, be given a voting registration form which is not signed by the Intermediary and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute authority and instructions (often called a “**proxy authorization form**”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code or other information. In order for the form of proxy to validly constitute a proxy authorization form, the OBO must remove the label from the instructions and affix it to the form of proxy, properly

complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit the OBO to direct the voting of the shares he or she beneficially owns.

**Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the persons named in the form and insert the Non-Registered Holder's name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

## **VI. VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

### **A. Voting Securities**

On **August 1, 2017**, there were **89,440,151** common shares of the Company issued and outstanding, each share carrying the right to one vote. At a general meeting of the Company, on a show of hands, every shareholder present in person shall have one vote and, on a poll, every shareholder shall have one vote for each share of which he is the holder.

### **B. Record Date**

Only shareholders of record at the close of business on **August 1, 2017**, who either personally attend the Meeting or who complete and deliver an instrument of proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his or her shares voted at the Meeting or any adjournment thereof.

### **C. Principal Holders**

To the knowledge of the directors and executive officers of the Company, the only persons who beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company, are as follows:

<b>Name of Shareholder</b>	<b>Number of Shares</b>	<b>Percentage of Issued and Outstanding Shares</b>
Condire Investors, LLC. <sup>(1)</sup>	12,655,000	14.15%
Tocqueville Asset Management, L.P.	10,981,998	12.28%

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

Other than as disclosed elsewhere in this Information Circular, none of the directors or executive officers of the Company, no proposed nominee for election as a director of the Company, none of the persons who has been directors or executive officers of the Company since the commencement of the Company's last completed

<sup>(1)</sup> Condire Investors, LLC is an investment fund based in Dallas, Texas of which Ryan E. Schedler, a director of the company, is a Managing Director.

financial year and no associate or affiliate of any of the foregoing 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.

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

For the purposes of this Information Circular, “informed person” means:

- (a) a director or executive officer of the Company;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;

any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and

- (c) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

The Company was a party to the following material transactions with informed persons during the financial year ended **December 31, 2016** – the amounts disclosed below include amounts paid in respect of Rockhaven Resources Ltd. (“Rockhaven”), in which the Company had a 41.4% equity interest as at December 31, 2016 – the Company's consolidated financial statements include the accounts of Rockhaven, as well as the amounts paid in respect of Trifecta Gold Ltd. (“Trifecta”), in which the Company had a 100% equity interest as at December 31, 2016, amounts paid in respect of Terra CO<sub>2</sub> Technologies Ltd. (“Terra”), in which the Company had a 100% equity interest as at December 31, 2016, and amounts paid in respect of Silver Range Resources Ltd. (“Silver Range”) to June 30, 2016:

- (a) property location, acquisition, exploration and management charges totalling \$2,611,392 (which amount included \$45,886 incurred on account of Silver Range, \$1,135,257 incurred on account of Rockhaven and \$7,289 incurred on account of Trifecta) and office rent and administration charges totalling \$684,396 (which amount included \$24,565 incurred on account of Silver Range, \$123,842 incurred on account of Rockhaven and \$172,126 incurred on account of Terra) were incurred with Archer, Cathro & Associates (1981) Limited (“Archer Cathro”), of Suite 1016 – 510 West Hastings Street, Vancouver, B.C. V6B 1L8, a geological consulting firm controlled by Company President and CEO W. Douglas Eaton;
- (b) legal fees and disbursements totalling \$171,485 (which amount included \$17,783 incurred on account of Silver Range, \$69,442 incurred on account of Rockhaven and \$15,497 incurred on account of Trifecta) were incurred with Tupper Jonsson & Yeadon, of Suite 1710 – 1177 West Hastings Street, Vancouver, B.C. V6E 2L3, a law firm in which a personal law corporation controlled by Company Secretary and Director Glenn R. Yeadon is associated in the practice of law;
- (c) accounting fees and disbursements totalling \$200,940 (which amount included \$12,500 incurred on account of Silver Range, \$44,840 incurred on account of Rockhaven, \$12,925 incurred on account of Terra and \$9,000 incurred on account of Trifecta) were incurred with Donaldson

Grassi, of 615 Fourth Avenue, New Westminster, B.C. V3M 1S5, an accounting firm of which Larry Donaldson, the Chief Financial Officer of the Company, is a partner;

- (d) management fees totalling \$102,813 (which amount included \$21,000 incurred on account of Silver Range and \$40,687 incurred on account of Rockhaven) were incurred with the Company's Chief Operating Officer Ian J. Talbot, of 4221 Glenhaven Crescent, North Vancouver, B.C. V7G 1B8;
- (e) consulting fees of \$12,000 were incurred with the Chairman of the Company's Audit Committee Bruce J. Kenway, of Suite 22, 3201 Rideau Place S.W., Calgary, Alberta T2S 2T1; and
- (f) pursuant to a credit agreement effective June 25, 2015, the Company made available a \$2,000,000 line of credit to Rockhaven with interest at 10% per annum and a due date of December 31, 2016. Rockhaven had the option of repaying the principal by issuing the Company a fixed number of common shares, determined based on the ten-day weighted average trading price of its shares immediately prior to the date of each advance, and paying the interest by issuing to the Company an equivalent number of its common shares equal to the interest owing on the date of settlement. As at December 31, 2016, Rockhaven had borrowed the full \$2,000,000 pursuant to the line of credit and elected to repay the advances by issuing shares to the Company. Based on the ten-day weighted average trading price at the time of each advance, a total of 11,346,712 shares were issued to settle the indebtedness. These shares were issued on January 23, 2017, at which time the shares closed at \$0.18, resulting in a settlement value of \$2,042,408 and the share settlement premium of \$42,408. As at December 31, 2016, the accrued interest on the advances amount to \$59,930. Rockhaven elected to pay cash for the interest owing. On June 17, 2015, the Company was issued 200,000 common shares of Rockhaven as a fee for providing the line of credit. These shares were issued at a deemed price of \$0.19 per share for a total deemed value of \$38,000.

Other than as disclosed elsewhere in this Information Circular, no informed person, no proposed director of the Company and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any material transaction since the commencement of the Company's last completed financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

## **IX. STATEMENT OF EXECUTIVE COMPENSATION**

### **A. General Provisions**

For the purposes of this Information Circular:

"CEO" of the Company means an individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"CFO" of the Company means an individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

"closing market price" means the price at which the Company's security was last sold, on the applicable date:

- (a) in the security's principal marketplace in Canada; or

- (b) if the security is not listed or quoted on a marketplace in Canada, in the security's principal marketplace;

"company" includes other types of business organizations such as partnerships, trusts and other unincorporated business entities;

"equity incentive plan" means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-based Payment*;

"external management company" includes a subsidiary, affiliate or associate of the external management company;

"grant date" means a date determined for financial statement reporting purposes under IFRS 2 *Share-based Payment*;

"incentive plan" means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

"incentive plan award" means compensation awarded, earned, paid or payable under an incentive plan;

"NEO" or "named executive officer" means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the Company's three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year;

"non-equity incentive plan" means an incentive plan or portion of an incentive plan that is not an equity incentive plan;

"option-based award" means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features;

"plan" includes any plan, contract, authorization or arrangement, whether or not set out in any formal document, where cash, securities, similar instruments or any other property may be received, whether for one or more persons;

"replacement grant" means an option that a reasonable person would consider to be granted in relation to a prior or potential cancellation of an option;

"repricing" means, in relation to an option, adjusting or amending the exercise or base price of the option, but excludes any adjustment or amendment that equally affects all holders of the class of securities underlying the option and occurs through the operation of a formula or mechanism in, or applicable to, the option;

“share-based award” means an award under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

**B. Compensation Discussion and Analysis**

**COMPENSATION PROGRAM OBJECTIVES**

The Company’s compensation policies and programs are designed to be competitive with similar junior resource exploration companies and to recognize and reward executive performance consistent with the success of the Company. These policies and programs are intended to attract and retain capable and experienced people. The Company’s Corporate Governance and Compensation Committee’s role and philosophy is to ensure that the Company’s goals and objectives, as applied to the actual compensation paid to the Company’s President and Chief Executive Officer and other executive officers, are aligned with the Company’s overall business objectives and with shareholders’ interests.

In addition to informal industry comparables from publicly available information, the Corporate Governance and Compensation Committee considers a variety of factors when determining both compensation policies and programs and individual compensation levels. These factors include the long-range interests of the Company and its shareholders, overall financial and operating performance of the Company, and the Corporate Governance and Compensation Committee’s assessment of each executive’s individual performance and contribution toward meeting corporate objectives. Performance is also recognized through the Company’s incentive stock option plan.

**ROLE OF EXECUTIVE OFFICERS IN DETERMINING COMPENSATION**

The Corporate Governance and Compensation Committee reviews and recommends compensation policies and programs to the Company, as well as salary and benefit levels for the Company’s executives. The Company’s President and Chief Executive Officer may not be present during meetings of the Corporate Governance and Compensation Committee at which their compensation is being discussed. The Board of Directors makes the final determination regarding the Company’s compensation programs and practise.

**ELEMENTS OF THE COMPENSATION PROGRAM FOR FISCAL YEAR 2016**

The total compensation plan for the NEOs is comprised of two components: base salary or consulting fees and stock options. There is no policy or target regarding cash and non-cash elements of the Company’s compensation program. The Corporate Governance and Compensation Committee annually reviews the total compensation of the Company’s executives against the backdrop of the compensation goals and objectives described above and make recommendations to the Board of Directors concerning the individual components of the executives’ compensation.

**BASE SALARY**

As a junior exploration resource company with no ongoing cash flow or revenues from production, the Company pays no salaries and establishes consulting fees to its executive officers at levels that are considered to be consistent with industry standards and in keeping with the Company’s available resources.



## **STOCK OPTIONS**

The Company has a Stock Option Plan (the "Plan") in place for the granting of stock options to the directors, officers, employees and consultants of the Company. The purpose of granting such stock options is to assist the Company in compensating, attracting, retaining and motivating such persons and to closely align the personal interest of such persons to that of the Company's shareholders, having regard to the fact that the Company has no ongoing cash flow or revenue from production and, as a result, there are limited funds available for the payment of salaries or consulting fees. The allocation of options under the Plan is determined by the Corporate Governance and Compensation Committee which, in determining such allocations, considers such factors as previous grants to individuals, overall Company performance, share price, the role and performance of the individual in question, the amount of time directed to the Company's affairs and time expended in serving on the Company's committees.

## **RISK CONSIDERATIONS**

Commencing in 2012, the Corporate Governance and Compensation Committee started to review from time to time and at least once annually, the risks, if any, associated with the Company's compensation policies and practices at such time. Such a review occurred at the time of preparation of this Compensation Discussion and Analysis. Implicit in the Corporate Governance and Compensation Committee's mandate is that the Company's policies and practices respecting compensation, including those applicable to the Company's executives, be designed in a manner which is in the best interests of the Company and its shareholders, and risk implications is one of many considerations which are taken into account in such design.

It is anticipated that a portion (set at a level consistent with its industry peers) of the Company's executive compensation will consist of options granted under the Plan. Such compensation is both "long term" and "at risk" and, accordingly, is directly linked to the achievement of long term value creation. As the benefits of such compensation, if any, are not realized by the executives until a significant period of time has passed, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of the Company and its shareholders is extremely limited.

Consulting fees are the remaining portion of an executive's total compensation. While consulting fees are not "long term" or "at risk", as noted above, these components of compensation represent only part of total potential compensation, and the Company's ability to continue to pay these consulting fees is directly dependent upon its continued ability to operate. As a result, it is unlikely that an executive would take inappropriate or excessive risks at the expense of the Company and its shareholders when these actions might compromise his or her consulting fees and might put his or her long-term compensation at risk.

Due to the relatively small size of the Company, and the current level of the Company's activity, the Board and the Corporate Governance and Compensation Committee are able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings, during which financial and other information pertaining to the Company will be reviewed, which review will include executive compensation. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

There are no policies in place pursuant to which an NEO or director is permitted to purchase financial instruments including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by an NEO or director.

**C. Summary Compensation Table**

W. Douglas Eaton, the Company’s CEO, and Larry B. Donaldson, the Company’s CFO, are the NEOs of the Company for the purposes of the following disclosure. The compensation for the NEOs, directly or indirectly, for the Company’s three most recently-completed financial years is as follows:

Name and Principal Position	Year	Salary (\$)	Share based awards (\$)	Option-based awards (\$) <sup>(2)</sup>	Non-equity incentive plan compensation \$		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
W. Douglas Eaton CEO	December 31, 2016	Nil	Nil	17,500	Nil	Nil	Nil	252,292 <sup>(3)</sup>	269,792
	December 31, 2015	Nil	Nil	Nil	Nil	Nil	Nil	289,947 <sup>(3)</sup>	289,947
	December 31, 2014	Nil	Nil	12,600	Nil	Nil	Nil	180,898 <sup>(3)</sup>	193,498
Larry B. Donaldson CFO	December 31, 2016	Nil	Nil	17,500	Nil	Nil	Nil	200,940 <sup>(4)</sup>	218,440
	December 31, 2015	Nil	Nil	Nil	Nil	Nil	Nil	154,220 <sup>(4)</sup>	154,220
	December 31, 2014	Nil	Nil	12,600	Nil	Nil	Nil	117,375 <sup>(4)</sup>	129,975

<sup>(2)</sup> The value of the incentive stock options granted during the financial year ended December 31, 2016 was \$0.14 per option, the value of the incentive stock options granted during the financial year ended December 31, 2015 was \$0.14 per option, and the value of the incentive stock options granted during the financial year ended December 31, 2014 was \$0.21 per option. The Company calculated the compensation cost by using the Black-Scholes option pricing model as follows: for options granted in 2016 by assuming a risk-free interest rate of 0.59%, a dividend yield of nil, the expected annual volatility of the Company’s share price of 48.63% and an expected life of the options of five years; for options granted in 2015 by assuming a risk-free interest rate of 1.11%, a dividend yield of nil, the expected annual volatility of the Company’s share price of 57.82% and an expected life of the options of five years; and for options granted in 2014 by assuming a risk-free interest rate of 1.53%, a dividend yield of nil, the expected annual volatility of the Company’s share price of 62.02% and an expected life of the options of five years. There was no cash compensation actually paid to any of the NEOs disclosed in the above table in connection with the granting of the incentive stock options in respect of which these “Option-based awards” were calculated.

<sup>(3)</sup> See “VIII. Interest of Informed Persons in Material Transactions” herein for particulars of payments made to Archer, Cathro & Associates (1981) Limited, which is controlled by W. Douglas Eaton, during the year ended December 31, 2016. The only direct remuneration Mr. Eaton receives from the Company is by way of stock options.

<sup>(4)</sup> Paid to Donaldson Grassi, Chartered Professional Accountants, in which Mr. Donaldson is a partner. (This amount includes \$12,500 incurred on account of Silver Range Resources Ltd., \$44,840 incurred on account of Rockhaven Resources Ltd., \$12,925 incurred on account of Terra CO<sub>2</sub> Technologies Ltd. and \$9,000 incurred on account of Trifecta Gold Ltd., as disclosed in “VIII. Interest of Informed Persons in Material Transactions” herein.)

**D. Incentive Plan Awards**

As disclosed under "B. Compensation Discussion and Analysis" of this Item IX ("Statement of Executive Compensation"), the Company has in place a Stock Option Plan (the "Plan") for the purpose of attracting and motivating Directors, Officers, Employees and Consultants of the Company and advancing the interests of the Company by affording such persons the opportunity to acquire an equity interest in the Company through rights granted under the Plan to purchase shares of the Company. A copy of the Plan will be available for review at the Meeting.

Options are granted from time to time under the Plan as determined by the Board of Directors upon recommendation from the Corporate Governance and Compensation Committee, including options granted to executive officers. Previous grants of options under the Plan are taken into account when the granting of new options is being considered.

The Company does not have any share-based awards in place.

**OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS**

The following table discloses the particulars of all awards for each NEO outstanding at the end of the Company's financial year ended **December 31, 2016**, including awards granted before this most recently completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(5)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
W. Douglas Eaton	60,000 125,000	0.45 0.35	July 21, 2019 February 18, 2021	1,800 16,250	N/A	N/A	N/A
Larry B. Donaldson	60,000 125,000	0.45 0.35	July 21, 2019 February 18, 2021	1,800 16,250	N/A	N/A	N/A

**INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR**

The following table summarizes the value of each incentive plan award vested or earned by each NEO during the financial year ended **December 31, 2016**:

<sup>(5)</sup> "In-the-money options" means the excess of the market value of the Company's shares on December 31, 2016 over the exercise price of the options. The last trading price of the Company's shares on the TSX Venture Exchange on December 30, 2016 (being the last day in the 2016 calendar year on which the Company's shares traded on the TSX Venture Exchange) was \$0.48.

Name	Option-based awards – Value vested during the year (\$) <sup>(6)</sup>	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
W. Douglas Eaton	20,312	N/A	N/A
Larry B. Donaldson	20,312	N/A	N/A

#### OPTION REPRICINGS

There were no re-pricings of stock options granted under the Company’s Stock Option Plan during the financial year ended **December 31, 2016**.

#### **E. Pension Plan Benefits**

The Company has no defined benefit plans that provide for payments or benefits to any NEO at, following or in connection with retirement.

The Company also does not have any defined contribution or deferred compensation plans relating to any NEO.

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

Other than as disclosed herein, the Company does not have any pension or retirement plan which is applicable to the NEOs. The Company has not provided compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as an NEO of the Company, in connection with or related to the retirement, termination or resignation of such person, and the Company has provided no compensation to any such person as a result of a change of control of the Company. The Company is not party to any compensation plan or arrangement with an NEO resulting from the resignation, retirement or termination of employment of any such person.

There are no compensatory plans or arrangements between the Company and an NEO with respect to the resignation, retirement or other termination of employment of the NEO, a change of control of the Company or a change in the NEO’s responsibilities following a change of control of the Company involving an amount, including all periodic payments or instalments, exceeding \$50,000.

#### **G. Director Compensation**

The Company has no pension plan or other arrangement for non-cash compensation for its directors who are not NEOs, except incentive stock options. During the Company’s completed financial year ended **December 31, 2016**, the following options were granted to directors who are not NEOs:

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<sup>(6)</sup> “Value vested during the year” means the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date. This amount is calculated by determining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date
Bruce J. Kenway	100,000	0.35	February 18, 2021
Glenn R. Yeadon	125,000	0.35	February 18, 2021
Lee A. Groat	100,000	0.35	February 18, 2021
Bruce A. Youngman	100,000	0.35	February 18, 2021
R. E. Gordon Davis	100,000	0.35	February 18, 2021
Ryan E. Schedler	100,000	0.35	February 18, 2021

The following table discloses all amounts of compensation provided by the Company to its directors who are not NEOs for the financial year ended **December 31, 2016**:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(7)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Bruce J. Kenway	12,000	N/A	14,000	N/A	N/A	Nil	26,000
Glenn R. Yeadon	171,485 <sup>(8)</sup>	N/A	17,500	N/A	N/A	Nil	188,985 <sup>(8)</sup>
Lee A. Groat	Nil	N/A	14,000	N/A	N/A	Nil	14,000
Bruce A. Youngman	Nil	N/A	14,000	N/A	N/A	Nil	14,000
R. E. Gordon Davis	Nil	N/A	14,000	N/A	N/A	Nil	14,000
Ryan E. Schedler	Nil	N/A	14,000	N/A	N/A	Nil	14,000

Other than as set forth in the foregoing, no director of the Company who is not an NEO has received, during the most recently completed financial year, compensation pursuant to:

- (a) any standard arrangement for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;
- (b) any other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as directors; or

<sup>(7)</sup> The value of the incentive stock options granted during the financial year ended December 31, 2016 was \$0.14 per option. The Company calculated the compensation cost by using the Black-Scholes option pricing model assuming a risk-free interest rate of 0.59%, a dividend yield of nil, the expected annual volatility of the Company's share price of 48.63% and an expected life of the options of five years. There was no cash compensation actually paid to any of the directors disclosed in the above table in connection with the granting of the incentive stock options in respect of which these "Option-based awards" were calculated.

<sup>(8)</sup> This amount includes \$17,783 earned in respect of Silver Range Resources Ltd., \$69,442 earned in respect of Rockhaven Resources Ltd. and \$15,497 earned in respect of Trifecta Gold Ltd., as disclosed in "VIII. Interest of Informed Persons in Material Transactions" herein.

(c) any arrangement for the compensation of directors for services as consultants or experts.

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

The following table sets forth details of the Company’s compensation plans under which equity securities of the Company were authorized for issuance at the end of the Company’s financial year ended **December 31, 2016**:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding incentive stock options</b>	<b>Weighted-average exercise price of outstanding incentive stock options</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by securityholders	4,310,000	\$0.64	4,605,515
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
<b>Total</b>	<b>4,310,000</b>		<b>4,605,515</b>

**XI. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No executive officer, director, employee, former executive officer, former director, former employee, proposed nominee for election as a director, or associate of any such person has been indebted to the Company or its subsidiaries at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company or its subsidiaries at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

**XII. MANAGEMENT CONTRACTS**

Pursuant to the terms of a consulting agreement dated April 1, 2012, as amended by agreements dated April 1, 2013, April 1, 2014, April 1, 2015, December 31, 2015 and December 31, 2016, the Company engaged Ian J. Talbot to provide certain management services to the Company. Remuneration under that agreement is \$3,500 (plus applicable taxes) per month, based on Mr. Talbot providing 32 hours of management services to the Company per month.

**XIII. CORPORATE GOVERNANCE**

Pursuant to National Policy 58-101 – Disclosure of Corporate Governance Practices (“NP 58-101”) the Company is required to disclose in its Information Circular its corporate governance practices. Attached as Schedule “A” to this Information Circular is the required disclosure of the Company’s Corporate Governance Practices.

**XIV. AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 of the Canadian Securities Administrators (“NI 52-110”) requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following.

**A. Audit Committee Charter**

The Company's audit committee is governed by an audit committee charter, the text of which is attached as Schedule "B" to this Information Circular.

**B. Composition of the Audit Committee**

The Company's audit committee currently consists of three directors, being Bruce J. Kenway, Glenn R. Yeadon and Ryan E. Schedler. As defined in NI 52-110, Bruce J. Kenway and Ryan E. Schedler are "independent" and Glenn R. Yeadon is not "independent". Also as defined in NI 52-110, all of the audit committee members are "financially literate".

A member of the audit committee is "independent" if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's board of directors, reasonably interfere with the exercise of the member's independent judgment.

**C. Relevant Education and Experience**

NI 52-110 provides that a member of the audit committee is considered to be "financially literate" if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexities of the issues that can reasonably be expected to be raised by the Company.

All of the members of the Company's audit committee are considered to be "financially literate", as that term is defined in NI 52-110.

Bruce J. Kenway is a chartered professional accountant, chartered accountant who in 1986 became a founding member of Kenway Mack Slusarchuk Stewart LLP. He continues to practice as a partner with that firm. He has been a director of various reporting issuers for many years, and has chaired the Company's Audit Committee since the Committee's inception.

Glenn R. Yeadon is a barrister and solicitor in British Columbia, practicing mainly in the field of securities law. He has been associated in the practice of law with Tupper Jonsson & Yeadon and predecessor firms since 1980. He obtained a Bachelor of Commerce from the University of British Columbia in 1975, and a Bachelor of Laws from the University of British Columbia in 1976. He has been a director and an officer of a number of reporting issuers for many years.

Ryan E. Schedler holds a Master of Business Administration from Harvard Business School and is a Managing Director of Condire Investors in Dallas, Texas. Prior to co-founding Condire in 2012, Mr. Schedler spent almost a decade with Trellus Management, an investment firm based in New York City. Previously, he was an investment banker with Lehman Brothers and BT Alex Brown/Deutsche Bank.

The board of directors believes that the audit committee members have the relevant education and experience to comply with NI 52-110.

Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors has not failed to adopt a recommendation of the audit committee to nominate or compensate an external auditor.

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

The audit committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable the audit committee, on a case-by-case basis.

**D. External Auditor Service Fees**

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

The fees paid by the Company to its auditor in each of the last two fiscal years, by category, are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(9)</sup></b>	<b>Audit Related Fees<sup>(10)</sup></b>	<b>Tax Fees<sup>(11)</sup></b>	<b>All Other Fees<sup>(12)</sup></b>
December 31, 2016	\$66,300	\$22,950	Nil	Nil
December 31, 2015	\$73,440	Nil	Nil	Nil

**E. Exemption**

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

<sup>(9)</sup> "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews 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.

<sup>(10)</sup> "Audit Related Fees" include services that are traditionally performed by the auditor. These audit related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

<sup>(11)</sup> "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 include assistance with tax audits and appeals, tax advice related to mergers and acquisitions and requests for rulings or technical advice from tax authorities.

<sup>(12)</sup> "All Other Fees" include all other non-audit services.



**XV. PARTICULARS OF MATTERS TO BE ACTED UPON**

**A. Election of Directors**

Management intends to propose for adoption an ordinary resolution that the number of directors of the Company be fixed at **seven (7)**.

Each director of the Company is elected annually and holds office until the next Annual General Meeting of the shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the shares represented by proxy will, on a poll, be voted for the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Company, their respective principal occupations and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular:

Name of Nominee, Residence and Present Positions Held	Principal Occupation	Director Since	Number of Shares Beneficially Owned or Controlled
<b>W. Douglas Eaton</b> <sup>(13)</sup> British Columbia, Canada President, CEO and Director	President and a director of Archer, Cathro & Associates (1981) Limited, Consulting Geological Engineers; also President, CEO and a Director of Strategic Metals Ltd. and a Director of Silver Range Resources Ltd.	October 31, 2008	3,390,218
<b>Bruce J. Kenway</b> <sup>(13) (14) (15)</sup> Alberta, Canada Director	Chartered Professional Accountant, Chartered Accountant; Founding member and partner of Kenway Mack Slusarchuk Stewart LLP; also a Director of each of Strategic Metals Ltd., ATAC Resources Ltd. and Silver Range Resources Ltd.	June 9, 2004	1,020,500
<b>Glenn R. Yeadon</b> <sup>(15)</sup> British Columbia, Canada Secretary and Director	Barrister and Solicitor; associated in the practice of law (through a personal law corporation) with Tupper Jonsson & Yeadon, Barristers & Solicitors; also Secretary and a Director of each of Strategic Metals Ltd., ATAC Resources Ltd., Rockhaven Resources Ltd. and Taranis Resources Inc., and Secretary of each of Silver Range Resources Ltd. and Trifecta Gold Ltd.	March 12, 2007	753,500

<sup>(13)</sup> Denotes member of the Investment Committee.

<sup>(14)</sup> Denotes member of the Financial Transaction Committee.

<sup>(15)</sup> Denotes member of the Audit Committee.

<b>Lee A. Groat</b> British Columbia, Canada Director	Professor in the Department of Earth and Ocean Sciences at the University of British Columbia since 2003	January 24, 2002	50,000
<b>Bruce A. Youngman</b> <sup>(14) (16)</sup> British Columbia, Canada Chairman and Director	Director of each of Strategic Metals Ltd., ATAC Resources Ltd., Rockhaven Resources Ltd. and Silver Range Resources Ltd.; President and Chief Operating Officer of Canplats Resources Corporation from 2008 to 2010	October 6, 2010	425,800
<b>R. E. Gordon Davis</b> <sup>(14) (16)</sup> British Columbia, Canada Director	Chairman and CEO of Canplats Resources Corporation from October 1999 to February 2010; currently Chairman and CEO of Camino Minerals Corporation and a director of Pacific Ridge Exploration	April 8, 2011	10,000
<b>Ryan E. Schedler</b> <sup>(15)(16)</sup> Texas, U.S.A. Director	Managing Director of Condire Investors since June 2012; Investment Analyst with Trellus Management from March 2003 to May 2012	November 6, 2013	Nil

The terms of office of those nominees who are presently Directors will expire as of the date of the Meeting. All of the Directors who are elected at the Meeting will have their term of office expire at the next Annual General Meeting of the Company.

No proposed director of the Company is, or within the 10 years before the date of this Information Circular has been, a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director of the Company has, within the 10 years before the date of this Information 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 manager or trustee appointed to hold the assets of the proposed director.

The above information was provided by management of the Company.

<sup>(16)</sup> Denotes member of the Corporate Governance and Compensation Committee.

**B. Appointment of Auditors**

Management proposes that Davidson & Company LLP, Chartered Professional Accountants, of Suite 1200 – 609 Granville Street, Vancouver, B.C. be reappointed as Auditors of the Company for the ensuing year at a remuneration to be negotiated between the Auditors and the Directors.

**C. Incentive Stock Option Plan**

At the Meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution approving the renewal of the Company's Stock Option Plan (the "Plan"). It is a condition of Exchange acceptance of the Plan that shareholder approval for the renewal of the Plan be obtained annually. The adoption of the Plan, which replaced the Company's former "fixed number plan", was approved by shareholders at the Company's Annual General Meeting held on July 27, 2016. The purpose of the Plan is to assist the Company in attracting, retaining and motivating directors, officers, employees and consultants of the Company and to closely align the personal interests of such directors, officers, employees and consultants with the interests of the Company and its shareholders. Options granted under the Plan are non-assignable and may be granted for a term not exceeding that permitted by the Exchange (currently ten years). A summary of the material aspects of the Plan is as follows:

1. the Plan will be administered by the Company's Board of Directors or, if the Board so designates, a Committee of the Board appointed in accordance with the Plan to administer the Plan;
2. the maximum number of shares in respect of which options may be outstanding under the Plan at any given time shall not exceed 10% of the issued and outstanding shares of the Company at that time;
3. following termination of an optionee's employment, directorship, consulting agreement or other qualified position, the optionee's option shall terminate upon the expiry of such period of time following termination, not to exceed 90 days (30 days if the optionee is engaged in providing investor relations services), as has been determined by the directors;
4. an option granted under the Plan will terminate one year following the death of the optionee. These provisions do not have the effect of extending the term of an option which would have expired earlier in accordance with its terms, and do not apply to any portion of an option which had not vested at the time of death or other termination;
5. as long as required by Exchange policy, no one individual may receive options on more than 5% of the issued and outstanding shares of the Company (the "Outstanding Shares") in any 12 month period, no one consultant may receive options on more than 2% of the Outstanding Shares in any 12 month period, and options granted to persons employed to provide investor relations services may not exceed, in the aggregate, 2% of the Outstanding Shares in any 12 month period;
6. options may not be granted at prices that are less than the Discounted Market Price as defined in Exchange policy which, subject to certain exceptions, generally means the most recent closing price of the Company's shares on the Exchange, less a discount of from 15% to 25%, depending on the trading value of the Company's shares;
7. any amendment of the terms of an option shall be subject to any required regulatory and shareholder approvals; and
8. in the event of a reorganization of the Company or the amalgamation, merger or consolidation of the shares of the Company, the Board of Directors shall make such appropriate provisions for the protection of the rights of the optionee as it may deem advisable.

A copy of the Plan will be available for review at the Meeting.

***Directors' Recommendation***

The Board has determined that the renewal of the Plan is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote in favour of the ordinary resolution approving the renewal of the Plan.

**The persons named in the form of proxy, if named as proxy, intend to vote such proxy in favour of the resolution to approve the renewal of the Plan, unless a shareholder has specified in its proxy that its common shares are to be voted against the resolution. If no choice is specified by the shareholder to vote for or against the resolution referred to above, the persons whose names are printed in the enclosed form of proxy intend to vote in favour of the resolution.**

***Shareholder Approval***

As disclosed above, the renewal of the Plan is subject to the Company receiving shareholder approval therefor.

The form of resolution to be placed before shareholders at the Meeting is as follows:

**“Be it resolved that, as an ordinary resolution, with or without amendment:**

1. The renewal of the Company's Stock Option Plan as described in the management information circular dated August 1, 2017, prepared in connection with this annual general and special meeting of shareholders, is hereby approved, ratified and confirmed, with or without amendment.
2. The board of directors of the Company is authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing.”

**As disclosed above, the persons named in the enclosed form of proxy intend to vote at the Meeting for the approval of the renewal of the Company's Stock Option Plan, unless otherwise directed by the shareholder appointing them.**

**D. Reconfirmation of Shareholder Rights Plan**

The Company currently has a shareholder rights plan (the “Rights Plan”) in effect, the terms and conditions of which are set out in a Shareholders Rights Plan Agreement dated July 11, 2014 (the “Rights Agreement”) between the Company and Computershare Trust Company of Canada (as Rights Agent). The Rights Plan will remain in effect until the close of the Meeting, unless reconfirmed by the Company’s shareholders, in which event it will have an additional term of approximately three years and will remain in effect until the close of the annual general meeting of shareholders of the Company occurring in 2020, unless again reconfirmed by the Company’s shareholders. Shareholders will be asked to consider and, if thought advisable, to reconfirm the Rights Plan and all rights to purchase common shares (the “Rights”) issued pursuant to the Rights Plan. The Rights Plan is similar to plans adopted by other Canadian public companies and approved by their shareholders. (The Rights Plan is essentially a continuation of the shareholder rights plan adopted by the Company on January 3, 2012, as ratified by its shareholders at the annual general and special meeting held on June 25, 2012, as extended at the annual general and special meeting held on July 11, 2014, and which will expire as of the date of the Meeting unless reconfirmed by the Company’s shareholders at the Meeting.)

### *Directors' Recommendation*

The Board has determined that the Rights Plan is in the best interests of the Company and its shareholders and unanimously recommends that shareholders vote in favour of reconfirming the Rights Plan.

**The persons named in the form of proxy, if named as proxy, intend to vote such proxy in favour of the resolution to reconfirm the Rights Plan, unless a shareholder has specified in its proxy that its common shares are to be voted against the resolution. If no choice is specified by the shareholder to vote for or against the resolution referred to above, the persons whose names are printed in the enclosed form of proxy intend to vote in favour of the resolution.**

### *Background and Purpose of the Rights Plan*

The Rights Plan is designed to encourage the fair treatment of shareholders in connection with any take-over bid for the Company. The Rights Plan will provide the Board and the shareholders with more time to fully consider any unsolicited take-over bid for the Company; it will allow the Board to pursue, if appropriate, other alternatives to maximize shareholder value and it will allow additional time for competing bids to emerge. Existing securities legislation in Canada requires a take-over bid to remain open for only thirty-five (35) days. The Board does not believe that this period is sufficient to permit the Board to determine whether there may be alternatives available to maximize shareholder value or whether other bidders may be prepared to pay more for the Company's shares than the Offeror. In addition, the Board is concerned that, while securities legislation has addressed many concerns of unequal treatment of shareholders, there remains the possibility that control or effective control may be acquired pursuant to a private agreement in which a small number of shareholders dispose of shares at a premium to market price which is not shared with the other shareholders. Also, a person may slowly accumulate shares through stock exchange acquisitions which may result, over time, in an acquisition of control without payment of fair value for control or fair sharing of any control premium among all shareholders. The Rights Plan addresses these concerns by applying to all acquisitions of 20% or more of the common shares of the Company.

Under the Rights Plan, a bidder making a Permitted Bid (as defined below) for the common shares may not take up any shares before the close of business on the sixtieth (60th) day after the date of the bid and unless at least 50% of the common shares not Beneficially Owned by the person making the bid and certain related parties are tendered or deposited and not withdrawn, in which case, a public announcement of that fact must be made and the bid must be extended for not less than ten (10) business days on the same terms. The Rights Plan will encourage an Offeror to proceed by way of a Permitted Bid, or to approach the Board with a view to negotiation by creating the potential for substantial dilution of the Offeror's position. The Permitted Bid provisions of the Rights Plan are designed to ensure that in any take-over bid, all shareholders are treated equally, receive the maximum available value for their investment and are given adequate time to properly assess the bid on a fully informed basis.

In recent years, unsolicited take-over bids have been made for the shares of a number of Canadian companies. Many of these companies had a shareholder rights plan in place which was used by the board of directors of the target company to gain time to seek alternatives to the bid with the objective of enhancing shareholder value. In most cases, a change of control ultimately occurred at a price in excess of the original bid price; accordingly, the existence of a shareholder rights plan should not and is not intended to prevent unsolicited take-over bids for the common shares of the Company.

Canadian securities regulators have concluded in recent decisions relating to shareholder rights plans that a target company's board of directors will not be permitted to maintain a shareholder rights plan solely to prevent a bid, but may do so if the board is actively seeking alternatives to a take-over bid, and if there is a real and substantial possibility that the board can increase shareholder choice and maximize shareholder value.

The Rights Plan is not being proposed in response to, or in anticipation of, any particular acquisition or take-over offer and is not intended to prevent a take-over of the Company, to secure continuance of current management or the directors in office or to deter fair offers. The Rights Plan does not inhibit any shareholder from using the proxy mechanism set out in the *Business Corporations Act* (British Columbia) to promote a change in the management or direction of the Company. The Rights Plan may, however, increase the price to be paid by a potential Offeror to obtain control of the Company and may discourage certain opportunistic and coercive offers that might not be in the best interests of all shareholders.

The Rights Plan does not affect in any way the financial condition of the Company. The initial issuance of the Rights was not dilutive and will not affect reported earnings or cash flow per share until the Rights separate from the underlying common shares and become exercisable. The adoption of the Rights Plan will not lessen or affect the duty of the Board to act honestly and in good faith with a view to the best interests of the Company and its shareholders. The issuance of Rights will not change the manner in which shareholders currently trade their common shares. Shareholders do not have to return their certificate(s) in order to have the benefit of the Rights.

### ***Terms of the Rights Plan***

The following is a summary of the terms of the Rights Plan. This summary is qualified in its entirety by the Rights Agreement. The full text of the Rights Plan will be available for review at the Meeting and will be available for review prior to the Meeting upon request made to the Company at: Strategic Metals Ltd., Suite 1016 – 510 West Hastings Street, Vancouver, B.C. V6B 1L8, Attention: The President; email: [info@nordacres.com](mailto:info@nordacres.com).

To implement the Plan, one Right was issued by the Company pursuant to the Rights Agreement in respect of each common share outstanding at 4:00 p.m. (Vancouver time) on July 11, 2014 (the “Record Time”). One Right was and will also be issued for each additional common share issued after the Record Time and prior to the earlier of the Separation Time (as defined below) and the Expiration Time. Each Right will entitle the holder, from and after the Separation Time and prior to the Expiration Time, to purchase from the Company one common share at a price equal to one-half of the market price for the common shares of the Company, subject to certain anti-dilution adjustments. The Rights will not be exercisable until the Separation Time. Upon the occurrence of a Flip-in Event (as defined below), each Right held by a non-Acquiring Person will become exercisable and may be traded separately from the common shares.

The issuance of Rights will not change the manner in which shareholders currently trade their common shares. Shareholders do not have to return their share certificate(s) in order to have the benefit of the Rights.

Until the Separation Time, the Rights will trade together with the common shares, will be represented by the common share certificate, and will not be exercisable. After the Separation Time, the Rights will become exercisable, will be evidenced by Rights certificates, and will be transferable separately from the common shares.

The Separation Time is defined in the Rights Agreement as the close of business on the tenth (10th) Trading Day (or such later day as may be determined by the Board) after the earlier of:

- (a) the Stock Acquisition Date, which is the date of the first public announcement by the Company or an Acquiring Person indicating that an Acquiring Person has become such (defined in the Rights Agreement as a person who has acquired, other than pursuant to an exemption available under the Rights Plan or pursuant to a Permitted Bid, Beneficial Ownership of 20% or more of the outstanding Voting Shares of the Company);

- (b) the date of the commencement of, or first public announcement (provided such announcement is made after the Record Time) of an intention of any Person (other than the Company or any Subsidiary of the Company) to commence, a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid) to acquire Beneficial Ownership of 20% or more of the Voting Shares of the Company; and
- (c) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such.

A Permitted Bid is defined in the Rights Agreement as a Take-over Bid which is made by means of a Take-over Bid circular and which also complies with the following requirements:

- (a) the Take-over Bid is made to all registered holders of Voting Shares, other than the Person making the Take-over Bid;
- (b) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited thereunder is subject to, an irrevocable and unqualified condition that no Voting Shares shall be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date which is not less than sixty (60) days following the date the take-over bid circular is sent to the holders of Voting Shares, and only if at such date more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
- (c) the Take-over Bid contains an irrevocable and unqualified provision that, unless the Take-over Bid is withdrawn, Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period of time specified in (b) above and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- (d) the Take-over Bid contains an irrevocable and unqualified provision that if, on the date on which Voting Shares may be taken up and paid for, more than 50% of the Voting Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than ten (10) business days from the date of such public announcement.

If an Offeror successfully completes a Permitted Bid, the Rights Plan provides that the Rights will be redeemed at \$0.00001 per Right.

A Permitted Bid, even if not approved by the Board, may be taken directly to the shareholders of the Company. Shareholder approval will not be required for a Permitted Bid. Instead shareholders of the Company will initially have sixty (60) days to tender or to deposit their shares. If more than 50% of the Voting Shares (other than shares Beneficially Owned by the Offeror) have been tendered or deposited and not withdrawn by the end of such sixty (60) day period, the Permitted Bid must be extended for a further period of ten (10) business days to allow initially disapproving shareholders to deposit their shares if they so choose.

If a potential Offeror does not wish to make a Permitted Bid, it can negotiate with, and obtain the prior approval of, the Board to make a bid pursuant to a Take-over Bid circular on terms which the Board considers fair to all shareholders. In such circumstances, the Board may waive the application of the Rights Plan to the transaction, thereby allowing such bid to proceed without dilution of the Offeror, and will be deemed to have waived the application of the Rights Plan to all other contemporaneous bids made by Take-over Bid circular. All other waivers require shareholder approval except in the case of inadvertent triggering of the application of the Rights Plan.

Under the Rights Agreement, a Flip-in Event is any transaction pursuant to which any Person becomes an Acquiring Person. Except as set out below, upon the occurrence of any Flip-in Event, from and after the close of business on the tenth (10th) trading day following the Stock Acquisition Date:

- (a) any Rights Beneficially Owned by the Acquiring Person and Affiliates, Associates and Transferees of the Acquiring Person or any Person acting jointly or in concert with the Acquiring Person will become void; and
- (b) each Right (other than Rights which are void) will entitle the holder thereof to purchase that number of common shares having an aggregate market price on the date of consummation or occurrence of such Flip-in Event equal to twice the relevant Exercise Price.

Accordingly, a Flip-in Event that is not approved by the Board will result in significant dilution to an Acquiring Person. The Board may, with shareholder approval, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the outstanding Rights at a redemption price of \$0.00001 per Right.

The Company may, from time to time, supplement or amend the Rights Agreement to correct clerical or typographical errors or to maintain the validity of the Rights Agreement as a result of a change in law. All other amendments after the Meeting require shareholder approval.

#### ***Canadian Federal Income Tax Consequences***

The Company will not include any amount in income for the purposes of the *Income Tax Act* (Canada) as a result of the issue of the Rights. A right to acquire additional shares of the Company granted to a common shareholder does not constitute a taxable benefit to the recipient that must be included in income or that is subject to non-resident withholding tax if all holders of common shares are granted such right. A Right was issued in respect of each common share outstanding at the Record Time. Therefore, holders of common shares should not have an income inclusion or liability for non-resident withholding tax upon the issuance of the Rights. In any event, the Company considers that the Rights have a negligible monetary value because the Company is not aware of any acquisition or take-over bid which would give rise to a Flip-in Event.

Although a holder of a Right may have income or may be subject to non-resident withholding tax if the Rights become exercisable, are exercised or redeemed, the Company considers the likelihood of such an event occurring to be remote.

#### ***Shareholder Approval***

The Rights Plan and the issuance of the Rights thereunder will be reconfirmed by shareholders when the Rights Plan and the issuance of the Rights thereunder have been approved by a majority of the votes cast in respect thereof, without giving effect to any votes cast (i) by any shareholder that, directly or indirectly, on its own or in concert with others, holds or exercises control over more than 20% of the outstanding voting shares of the Company, if any; and (ii) by the associates, affiliates and insiders of any person referred to in (i) above.

The form of the resolution to be placed before shareholders at the Meeting is as follows:

#### **“Be it Resolved That, as an Ordinary Resolution, with or without Amendment:**

1. The reconfirmation of the shareholder rights plan as described in the management information circular dated August 1, 2017, prepared in connection with this annual general and special



meeting of shareholders, is hereby approved, ratified and confirmed, with or without amendment.

2. The board of directors of the Company is authorized to perform such further acts and execute such further documentation as may be required to give effect to the foregoing."

**As disclosed above, the persons named in the enclosed form of proxy intend to vote at the Meeting for the reconfirmation of the Rights Plan and the issuance of Rights thereunder, unless otherwise directed by the shareholder appointing them.**

#### **XVI. OTHER MATTERS TO BE ACTED UPON**

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment thereof. The Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

#### **XVII. ADDITIONAL INFORMATION**

Additional information concerning the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Company is provided in the Company's comparative financial statements and Management's Discussion and Analysis for the financial year ended **December 31, 2016**.

Shareholders wishing to obtain a copy of the Company's financial statements and Management's Discussion and Analysis may obtain them free of charge on SEDAR at [www.sedar.com](http://www.sedar.com), or may contact the Company as follows:

**STRATEGIC METALS LTD.**  
**Suite 1016 – 510 West Hastings Street**  
**Vancouver, B.C. V6B 1L8**  
Telephone: 604-688-2568  
Fax: 604-688-2578  
E-mail: [info@nordacres.com](mailto:info@nordacres.com)

#### **XVIII. BOARD APPROVAL**

The content and sending of this Information Circular has been approved by the Company's Board of Directors. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

DATED at Vancouver, British Columbia, the **1<sup>st</sup> day of August, 2017**.

**ON BEHALF OF THE BOARD**

***“W. Douglas Eaton”***

**W. DOUGLAS EATON**

President and Chief Executive Officer

**SCHEDULE “A”****STRATEGIC METALS LTD.**  
(the “Company”)**CORPORATE GOVERNANCE PRACTICES**

The following table addresses the disclosure requirements set out in Form 58-101F1 Corporate Governance Disclosure:

	<i>CORPORATE GOVERNANCE DISCLOSURE REQUIREMENTS</i>		<i>THE COMPANY’S APPROACH</i>
1.	<b>BOARD OF DIRECTORS</b>		
a.	Disclose the identity of directors who are independent.	a.	The Company’s four independent directors currently are: Bruce J. Kenway, Lee A. Groat, R. E. Gordon Davis and Ryan E. Schedler.
b.	Disclose the identity of directors who are not independent, and describe the basis for that determination.	b.	The Company’s three non-independent directors currently are: W. Douglas Eaton (the CEO and the President of the Company), Bruce A. Youngman (the former Chairman of the Board of Directors of the Company) and Glenn R. Yeadon (the Secretary of the Company). Each of these individuals is or was a member of management and/or provides or provided services to the Company for which he is or was compensated.
c.	Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.	c.	The board is currently comprised of four independent directors and three non-independent directors.
d.	If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	d.	The following nominees for director are presently also directors of other reporting issuers as listed below:  W. Douglas Eaton is also a director of Silver Range Resources Ltd.  Bruce J. Kenway is also a director of ATAC Resources Ltd., Silver Range Resources Ltd. and Trifecta Gold Ltd.  Glenn R. Yeadon is also a director of ATAC Resources Ltd., Taranis Resources Inc. and Rockhaven Resources Ltd.  Bruce A. Youngman is also a director of ATAC Resources Ltd., Silver Range Resources Ltd., Rockhaven Resources Ltd., Theia Resources Ltd. and Pacific Ridge Exploration Ltd.  R. E. Gordon Davis is also a director of Pacific Ridge Exploration Ltd. and Camino Minerals Corporation
e.	Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.	e.	The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. The board encourages open and candid discussion among all its directors at all board meetings.

f.	Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.	f.	There is not currently a chair of the board. The board currently provides leadership to its independent directors through the various Committees to the Board.
g.	Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.	g.	The Company held three board meetings during the financial year ended December 31, 2016. Directors W. Douglas Eaton, Bruce J. Kenway, Glenn R. Yeadon, Ryan E. Schedler and R. E. Gordon Davis attended all meetings, with each of Directors Bruce A. Youngman and Lee A. Groat having attended two meetings.  Monthly written updates regarding the status of the Company's affairs are sent by management to each of the Company's directors and officers.
2.	<b>BOARD MANDATE</b>		
a.	Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.	a.	The board does not have a written mandate. The mandate of the board, as prescribed by <i>The Business Corporations Act (British Columbia)</i> , is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the board oversees the management of the Company's affairs directly and through its Audit Committee.
3.	<b>POSITION DESCRIPTIONS</b>		
a.	Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.	a.	The board is in the process of developing written position descriptions.
b.	Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.	b.	The board has not developed a written position description for the CEO. At present, the CEO has direct responsibility and accountability for the day-to-day management of the affairs of the Company.
4.	<b>ORIENTATION AND CONTINUING EDUCATION</b>		
a.	Briefly describe what measures the board takes to orient new directors regarding	a.	The Company does not have a formal orientation and education program for new directors. However, new directors are provided with relevant materials with respect to the Company as well as being oriented on relevant corporate issues by management.
	(i) the role of the board, its committees and its directors, and		See 2.a. above.
	(ii) the nature and operation of the issuer's business.		Acquisition, exploration and evaluation of mineral properties in Canada.
b.	Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.	b.	Each director brings a different skill set and professional background, and with this information the board is able to determine what orientation to the nature and operations of the Company's business will be necessary and relevant to each director. The Company provides continuing education for its directors as such need arises and encourages open discussion at all meetings, which encourages learning by the

			directors.
<b>5.</b>	<b>ETHICAL BUSINESS CONDUCT</b>		
a.	Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:	a.	The board has adopted a written code of conduct and ethics for its directors, officers and consultants.
	(i) disclose how a person or company may obtain a copy of the code;		A person or company may obtain a copy of the code upon request to the Company.
	(ii) describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code; and		The board monitors compliance with the code and the COO, who is not a director, monitors the board members' compliance.
	(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.		Not applicable.
b.	Describe any steps the board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.	b.	Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transaction, which has been done on occasion, as is evidenced in the board's minutes.
c.	Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.	c.	The board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance objectives and goals.
<b>6.</b>	<b>NOMINATION OF DIRECTORS</b>		
a.	Describe the process by which the board identifies new candidates for board nomination.	a.	The board determines new nominees to the board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by board members, including both formal and informal discussions among board members and the President of the Company. The board monitors but does not formally assess the performance of individual board members or committee members on their contributions.
b.	Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.	b.	See a. above.
c.	If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.		The board does not have a nominating committee per se. See a. above.
<b>7.</b>	<b>COMPENSATION</b>		
a.	Describe the process by which the board determines the compensation for the issuer's directors and officers.	a.	The Company has a Corporate Governance and Compensation Committee, the members of which are Bruce A. Youngman, R. E. Gordon Davis and Ryan E. Schedler. Messrs. Schedler and Davis are independent directors, and Mr. Youngman is a non-independent director.
b.	Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.	b.	See a. above.

c.	If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	c.	See a. above.
d.	If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	d.	The Company has not retained any compensation consultants or advisors at any time since the beginning of the Company's most recently completed financial year.
<b>8.</b>	<b>OTHER BOARD COMMITTEES</b>		
a.	If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	a.	<p>The Company also has an Investment Committee, the members of which are directors W. Douglas Eaton and Bruce J. Kenway and independent consultant James M. Stephen. Its function is to manage the Company's public company investment portfolio and to oversee the investment activities carried out by an independent consultant.</p> <p>The Company also has a Financial Transaction Committee, the members of which are directors Bruce A. Youngman, Bruce J. Kenway and R. E. Gordon Davis. Its function is to oversee specific financial transactions with values between \$2 and \$10 million. Financial transactions with values of less than \$2 million are dealt with by Company management in the ordinary course of business. Transactions with a value in excess of \$10 million require formal board of director approval.</p>
<b>r9.</b>	<b>ASSESSMENTS</b>		
a.	Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.	a.	<p>The board will annually review its own performance and effectiveness as well as review annually the Audit Committee Charter and recommend revisions to the board as necessary. Neither the Company nor the board has determined formal means or methods to regularly assess the board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of an individual director are informally monitored by the board members, having in mind the business strengths of the individual and the purpose of originally nominating that individual to the board.</p> <p>The Company feels that its corporate governance practices are appropriate and effective for the Company, given its relatively small size and limited operations. The Company's method of corporate governance allows for the Company to operate efficiently, with simple checks and balances that control and monitor management and corporate functions without excessive administrative burden.</p>

**SCHEDULE "B"**

**STRATEGIC METALS LTD.**  
(the "Company")

**AUDIT COMMITTEE CHARTER**

**PURPOSE**

The purpose of the Committee is to assist the Board in carrying out its responsibilities for the oversight and monitoring of the Company's financial reporting and controls.

**POLICY STATEMENT**

The Committee expects management of the Company to operate in compliance with the Company's corporate policies; with laws and regulations governing the Company; and to maintain strong financial reporting and control processes.

**AUTHORITY**

The Committee shall have the authority:

- to institute investigations of improprieties, or suspected improprieties, within the scope of its responsibilities,
- to inspect any and all books and records of the Company,
- to discuss with Company personnel, any affected party and the Auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate,
- to engage independent counsel and other advisors as it determines necessary to carry out its duties, and
- to access Company resources including administrative support to assist in carrying out its duties.

**COMPOSITION**

The Committee shall consist of at least three directors appointed by the Board.

The Board shall appoint the Chairman of the Committee.

At least one member of the Committee shall be an independent director and free from any relationship that in the opinion of the Board would interfere with his or her independent judgment as a member of the Committee.

A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

The Secretary or the Assistant Secretary of the Company shall be the secretary of the Committee.

**MEETINGS**

The Committee shall meet a minimum of four times a year at such times and places as may be designated by the Chairman of the Committee, and whenever a meeting is requested by the Board, a

member of the Committee, the Auditors or a Senior Officer (“Senior Officer”) of the Company. Meetings shall correspond with the review of the Interim and Annual Financial Statements, MD&A, Press Releases and Reports to Shareholders.

Notice of each meeting of the Committee shall be given to each member of the Committee and to the Auditors, if applicable, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee.

Notice of a meeting of the Committee shall be in writing, stating the nature of the business to be transacted at the meeting in reasonable detail, be accompanied by copies of documentation to be considered at the meeting (to the extent practicable), and be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.

A quorum for a meeting of the Committee shall be a majority of the members of the Committee. However it shall be the practice of the Committee to require review and, if necessary, approval of all important matters by all members of the Committee.

A member of the Committee may participate in a meeting of the Committee by telephone, and such member shall be deemed to be present at the meeting.

In the absence of the Chairman of the Committee, the members of the Committee shall choose one of the members present to chair the meeting.

In the absence of the Secretary or the Assistant Secretary of the Company, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.

Minutes of all meetings of the Committee shall be signed by the Chairman of the Committee and the Secretary of the meeting. Such minutes shall be filed with the Secretary of the Company at the earliest opportunity after each meeting.

A resolution in writing, signed by all members of the Committee is valid as if passed at a meeting of the Committee.

The Committee shall, at the next regular Board meeting after each Committee meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

## **RELIANCE ON EXPERTS**

In discharging their duties, each Committee member shall be entitled to rely in good faith upon:

- financial statements represented by a Senior Officer or the Auditors to present fairly the financial position of the Company in accordance with generally accepted accounting principles, and
- any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

## **LIMITATIONS ON COMMITTEE’S DUTIES**

Each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this charter is

intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Company's responsibilities are being met and to enable the Committee to report thereon to the Board.

## **RELATIONSHIP WITH EXTERNAL AUDITOR**

The Auditors shall be accountable to the Board through the Committee. The Auditors shall report all material issues or potentially material issues to the Committee.

## **RESPONSIBILITIES AND DUTIES**

### **Charter**

The Committee shall:

- prepare a written charter adopted by the Board setting out its mandate, responsibilities and duties, and
- assess on an annual basis the adequacy of the Charter.

### **Communications**

The Committee shall:

- have direct, open and frank communications with management, other committee chairmen, the Auditors and other key committee advisors as applicable,
- if applicable, establish procedures for the treatment of complaints, if any, received by the Company regarding accounting, internal accounting controls or auditing matters, and
- if applicable, establish procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting and auditing matters.

### **Auditors**

The Committee shall:

- select and recommend to the Board, the Auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company,
- consider and recommend to the Board the compensation of the Auditors,
- obtain from the Auditors a formal written statement concerning the Auditor's independence and review and discuss with the Auditors all disclosed relationships or services that could impact on their objectivity and independence,
- review the Auditors' annual audit plan, including scope, staffing, materiality and areas of special emphasis prior to the commencement of the audit,
- evaluate the performance of the Auditors and recommend to the Board the discharge of the Auditors when circumstances are warranted,
- pre-approve all non-audit services to be provided by the Auditors (except for any services prohibited by legislation) and consider the potential impact of such services on the Auditors' independence (subject to the DeMinimus Non-Audit Services and Delegation of Pre-Approval Function exemptions as such terms are defined in MI 51-110),
- review and discuss with the Auditors the results of their audit (upon completion of their audit and prior to the filing or releasing of the annual financial statements),



- review and resolve any disagreements and unresolved issues between management and the Auditors that could affect the financial reporting,
- review the extent to which recommendations made by the Auditors have been implemented, and
- meet separately with the Auditors in the absence of management at least once annually and discuss among other things any significant disagreements with management, any restrictions on the scope of work or access to required information, the susceptibility of a material misstatement in the financial statements due to fraud and the adequacy of the Company's accounting and financial personnel.

### **Financial reporting**

The Committee shall:

- review the Company's Interim and Annual Financial Statements and related MD&A, Press Releases and Report to Shareholders, before public disclosure of this information, and recommend for approval by the Board if appropriate,
- review all public disclosure documents containing financial information derived from the Company's financial statements including any prospectuses, offering memorandums, business acquisitions reports, annual reports, annual information forms, MD&A and Press Releases, and if appropriate, recommend for approval by the Board,
- determine that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and annually review the adequacy of these procedures,
- in conjunction with the review of the Interim and Annual Financial Statements, review the following with management and the Auditors (if the Auditors have performed a review or audit of the financial statements):
  - critical accounting policies, changes in accounting policies and new accounting policies adopted by the Company,
  - alternative accounting policies that have been discussed with management and the policies preferred by the Auditors,
  - significant estimates made by management and the view of the Auditors as to the appropriateness of such estimates,
  - significant financial reporting issues that have arisen and the resolution or proposed resolution of such issues,
  - significant transactions outside the normal business of the Company,
  - related party transactions, and
  - new or proposed accounting pronouncements and regulatory developments and their relevance to the Company,
- review with management, the Auditors and if necessary legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material affect upon the Company's financial statements and the manner in which such matters have been disclosed in the financial statements,
- review any correspondence that the Company may receive from securities regulators or government agencies relating to financial reporting matters, and
- review the financial statement certification process.

## **Internal controls and risk**

The Committee shall:

- review on an annual basis with management and in consultation with the Auditors the appropriateness and effectiveness of the Company's internal controls, policies and business practices which impact the financial integrity of the Company, including those relating to accounting, information systems, financial reporting, management reporting, insurance and risk management,
- consider and review with management any recommendations of the Auditors regarding weaknesses in internal controls and the extent to which recommendations made by the Auditors have been implemented by management,
- review the hedging and other risk management policies and procedures of the Company, and
- review with management the amount and terms of any insurance to be obtained or maintained by the Company with respect to risks inherent in its operations and potential liabilities that may be incurred by the directors or Senior Officers in the discharge of their duties and responsibilities.

## **Other**

The Committee shall:

- review the status of the Company's tax returns,
- review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process,
- review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former Auditors,
- if applicable, review and approve the reasonableness of the expenses of the Chairman of the Board and the Chief Executive Officer,
- develop a calendar of activities to be undertaken by the Committee for each ensuing year and submit the calendar in the appropriate format to the Board following each Annual General Meeting,
- review reports from management with respect to the Corporation's compliance with laws and regulations having a material impact on the Financial Statements including:
  - (a) tax and financial reporting laws and regulations,
  - (b) legal withholding requirements,
  - (c) environmental protection laws and regulations, and
  - (d) other laws and regulations which expose directors to liability,
- obtain certificates from Senior Officers containing such representations as the Committee may request, and
- perform any other activities consistent with the Charter, the Company bylaws and governing law, as the Board or the Committee deems necessary or appropriate.