



NOTICE OF ANNUAL AND SPECIAL  
MEETING OF SHAREHOLDERS

TO BE HELD ON MARCH 28, 2019

AND

MANAGEMENT INFORMATION CIRCULAR

# ALMONTY INDUSTRIES INC.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON MARCH 28, 2019

**NOTICE IS HEREBY GIVEN** that the Annual and Special Meeting of the holders of common shares (the “**Shares**”, and holders thereof, the “**Shareholders**”) of Almonty Industries Inc. (the “**Company**”) will be held at the offices of Wildeboer Dellelce LLP at Suite 800, 365 Bay Street, Toronto, Ontario on Thursday, March 28, 2019, at 11:00 a.m. (Toronto time) (together with any adjournment or postponement thereof, the “**Meeting**”).

The following business of the Company will be transacted at the Meeting:

1. to receive and consider the audited consolidated financial statements of the Company for the fiscal year ended September 30, 2018, together with the auditor’s report thereon;
2. to set the number of directors and to elect directors to serve for the ensuing year;
3. to confirm the appointment of the auditor of the Company by the board of directors and to appoint the auditor of the Company for the ensuing year and to authorize the board of directors of the Company to fix such auditor’s remuneration;
4. to consider, and if thought advisable, to pass a resolution approving unallocated options under, and certain amendments to, the Company’s stock option plan, as more specifically set out in the accompanying management information circular (the “**Circular**”); and
5. to transact such other business as may properly come before the Meeting.

This notice is accompanied by the Circular and a form of proxy, which together provide additional information relating to the matters to be dealt with at the Meeting.

The record date for determination of Shareholders entitled to receive notice of and to vote at the Meeting was the close of business on February 21, 2019, (the “**Record Date**”). Only Shareholders whose names were entered in the register of holders of Shares on the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting.

Registered Shareholders are entitled to vote at the Meeting either in person or by proxy. Regardless of whether a Shareholder plans to attend the Meeting in person, please complete, date and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Circular. To be valid, such proxies must be deposited with the Company’s transfer agent, Computershare Investor Services Inc., not later than 48 hours prior to the commencement of the Meeting, excluding Saturdays, Sundays and holidays.

All non-registered Shareholders who plan to attend the Meeting must follow the instructions set out in the voting instruction form and in the Circular to ensure that such Shareholders’ Shares will be voted at the Meeting. If you hold your Shares in a brokerage account, you are not a registered Shareholder.

### BY ORDER OF THE BOARD OF DIRECTORS

Toronto, Ontario  
February 21, 2019

*(signed) “Lewis Black”*

Lewis Black  
Chairman of the Board of Directors, President and Chief Executive Officer

**ALMONTY INDUSTRIES INC.  
MANAGEMENT INFORMATION CIRCULAR**

**FOR THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON MARCH 28, 2019**

**This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Almonty Industries Inc. (the “Company”), a corporation governed by the *Canada Business Corporations Act* (the “CBCA”), for use at the Annual and Special Meeting of the holders of common shares of the Company (the “Shares”, and holders thereof, the “Shareholders”) to be held at the offices of Wildeboer Dellelce LLP at Suite 800, 365 Bay Street, Toronto, Ontario on Thursday, March 28, 2019, at 11:00 a.m. (Toronto time) (together with any adjournment or postponement thereof, the “Meeting”) for the purposes set out in the accompanying notice of Meeting (the “Notice of Meeting”).**

Information contained in this Circular is given as at February 21, 2019, and all dollar amounts are stated in Canadian dollars, unless otherwise indicated.

**GENERAL PROXY INFORMATION**

**A. SOLICITATION OF PROXIES**

**The accompanying proxy is being solicited by or on behalf of the management of the Company and the cost of such solicitation will be borne by the Company.** It is expected that the solicitation of proxies will be primarily by mail, though proxies may also be solicited, without special compensation, in person or by telephone, fax, email, or other means of communication by directors, officers or regular employees of the Company. The Company may pay investment dealers or other persons holding Shares in their own names or in the names of nominees (collectively, “**intermediaries**”) for their reasonable expenses incurred in sending this Circular and the accompanying Notice of Meeting and form of proxy or a voting instruction form, to non-registered, beneficial owners of Shares.

This Circular, together with the accompanying Notice of Meeting and form of proxy, is being sent to both Registered Shareholders (as hereinafter defined) and Beneficial Shareholders (as hereinafter defined). If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary who holds your Shares on your behalf.

**B. HOW TO VOTE YOUR SHARES**

***Registered Shareholders***

A registered Shareholder (“**Registered Shareholder**”) is a Shareholder whose share certificate bears the name of that Shareholder. Registered Shareholders are entitled to vote their Shares in person at the Meeting or by proxy, and such Shareholders may be able to vote their proxies over the internet, by telephone or by mail in accordance with the instructions set out in the accompanying form of proxy.

If you are a Registered Shareholder and wish to vote in person at the Meeting, you should not complete or return the accompanying form of proxy, as your vote will be taken and counted at the Meeting.

Shareholders wishing to vote in person must register their attendance with the scrutineer upon arrival at the Meeting.

If you are a Registered Shareholder and do not wish to attend the Meeting or to vote in person, you may vote by proxy by properly completing, signing and depositing the accompanying form of proxy with the Company's transfer agent, Computershare Investor Services Inc. (the "**Transfer Agent**"). Registered Shareholders who elect to submit a proxy may do so online at [www.investorvote.com](http://www.investorvote.com), by telephone at 1-866-732-VOTE (8683) (for Shareholders within North America) or 1-312-588-4290 (for Shareholders outside North America), or by mail to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, in all cases in accordance with the instructions provided by the Transfer Agent in the accompanying form of proxy and ensuring that the proxy is received not later than 48 hours prior to the commencement of the Meeting, excluding Saturdays, Sundays and holidays.

### ***Beneficial Shareholders***

If your Shares are registered in the name of an intermediary, rather than in your own name, you are a beneficial Shareholder (a "**Beneficial Shareholder**"). Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of Shares) or as set out in the following disclosure.

If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder's name on the records of the Company. Such Shares will more likely be registered under the names of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

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

### **Non-Objecting Beneficial Owners**

The Company is taking advantage of those provisions of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators (the "**CSA**"), which permits the Company to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form ("**VIF**"). These VIFs are to be completed and returned to the Transfer Agent online at [www.investorvote.com](http://www.investorvote.com), by telephone at 1-866-734-VOTE (8683) (for Shareholders within North America) or 1-312-588-4291 (for Shareholders outside North America), or by mail to 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, in all cases in accordance with the instructions provided in the VIF. The Transfer Agent will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Shares represented by the VIFs it receives.

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

NOBOs who wish to attend and vote in person at the Meeting must insert their own name in the space provided on the VIF to appoint the NOBO (or the name of another person the NOBO wishes to attend the Meeting and vote on the NOBOs behalf) as proxy holder and otherwise follow the instructions on the VIF. Beneficial Shareholders who appoint themselves as proxy holders should present themselves at the Meeting to a representative of the Transfer Agent. Beneficial Shareholders wishing to attend and vote in person at the Meeting should not otherwise complete the VIF.

### Objecting Beneficial Owners

Management of the Company does not intend to pay for intermediaries to deliver proxy-related materials to OBOs under NI 54-101. OBOs will not receive the proxy-related materials in respect of the Meeting unless the intermediary holding shares on behalf of the OBO assumes the cost of delivery.

Beneficial Shareholders who are OBOs and receive proxy-related materials in respect of the Meeting from their intermediaries should carefully follow the instructions of their broker or intermediary in order to ensure that their Shares are voted at the Meeting.

The form of proxy that will be supplied by your broker will be similar to the proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the intermediary how to vote your Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge will mail a VIF in lieu of a proxy provided by the Company. The VIF will name the same persons as the Company’s proxy to represent your Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder) other than any of the persons designated in the VIF to represent your Shares at the Meeting and that person may be you. To exercise this right, you should insert the name of your desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the Meeting and the appointment of any Shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Shares voted at the Meeting, or to have an alternative representative duly appointed to attend and to vote your Shares at the Meeting.**

### *Voting by Proxyholder*

If voting instructions are given on your form of proxy or request for voting instructions, then your proxyholder must vote, or withhold from voting, your Shares in accordance with your instructions. If no voting instructions are given, then your proxyholder may vote your Shares or withhold from voting as he, she or it sees fit. **If you appoint the proxyholders named on the accompanying form of proxy, and do not provide instructions as to how they should vote your Shares, your Shares will be voted “FOR” each of the matters set out in the form of proxy.**

As of the date of this Circular, none of the directors or officers of the Company are aware of any amendments or variations to the matters set out in the Notice of Meeting, nor of any other matter to be presented at the Meeting. However, if any amendment, variation or other business is properly brought before the Meeting, the accompanying form of proxy confers discretion on the persons named thereon to

vote on any amendment or variation of the matters set out in the Notice of Meeting or any such other business in accordance with their best judgment.

### **C. APPOINTMENT OF PROXYHOLDER**

The persons named in the form of proxy accompanying this Circular have been selected by the board of directors of the Company (the “**Board**”) and have indicated their willingness to represent as proxyholders the Shareholders who appoint them. **A Shareholder has the right to appoint as his, her or its proxyholder a person or company (who need not be a Shareholder) other than the persons designated in the accompanying form of proxy to attend and act on that Shareholder’s behalf at the Meeting.** As a Shareholder, you may exercise this right by inserting the name of such person or company in the blank space provided in the form of proxy and striking out the other names or by properly completing and signing another proper form of proxy and, in either case, depositing such form of proxy with the Transfer Agent at the location and within the time limits set out above.

If you appoint some other person to represent you, it is your responsibility as a Shareholder to inform that other person or company that he, she or it has been so appointed and to ensure that your proxy has been signed by you or your attorney authorized in writing (or, if the Shareholder is a corporation, under its corporate seal and signed by a director, officer or attorney thereof, duly authorized).

### **D. REVOCATION OF PROXIES**

If you are a Registered Shareholder and you have submitted a proxy and later wish to revoke it, you can do so by:

- (a) completing and signing a form of proxy bearing a later date and depositing it with the Transfer Agent at the location and within the time limits set out above;
- (b) depositing an instrument in writing signed by you or your attorney authorized in writing (or, for Shareholders that are corporations, under such Shareholder’s corporate seal and signed by a director, officer or attorney thereof, duly authorized), with either: (i) the Transfer Agent, at the address noted above, or at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used, or (ii) the chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting; or
- (c) following any other manner permitted by law.

Any Registered Shareholder attending the Meeting has the right to vote in person and, if you, as a Registered Shareholder, elect to do so, your proxy will be nullified with respect to any matters upon which you vote, and in respect of any subsequent matters to be voted upon at the Meeting.

Beneficial Shareholders should note that **only Registered Shareholders have the right to revoke a proxy. Beneficial Shareholders who wish to change their vote must make appropriate arrangements with their respective intermediaries.** Beneficial Shareholders should also be aware that intermediaries may set deadlines earlier than of those set out in this Circular or otherwise for the receipt of requests for voting instructions or proxies from Beneficial Shareholders, and are not required to act on any revocation that is not received by the intermediary prior to the deadlines set by that intermediary. As such, Beneficial Shareholders who wish to revoke their voting instruction form or proxy and to vote should contact their intermediary as soon as possible, and in any event well in advance of the Meeting.

## **E. NOTICE TO SHAREHOLDERS IN THE UNITED STATES**

This solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of Canada and the securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the CBCA, certain of its directors and officers are residents of Canada and countries other than the United States, and all of the assets of the Company and a substantial portion of the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## **VOTING SHARES AND PRINCIPAL HOLDERS OF VOTING SHARES**

### **A. DESCRIPTION OF SHARE CAPITAL**

The Company is authorized to issue an unlimited number of Shares. As of the close of business on February 21, 2019, there were 181,441,893 Shares issued and outstanding. Each Share carries the right to one vote. The Shares are the only class of securities entitled to vote at the Meeting. No group of Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Shares. As of the date hereof, the Shares are listed for trading on the Toronto Stock Exchange (the “**Exchange**”) under the symbol “**AII**”.

### **B. QUORUM**

The quorum necessary for the Meeting is the holders of 25% of the Shares being present in person or represented by proxy, provided that a quorum shall not be less than two persons. A quorum need not be present throughout the Meeting provided that a quorum is present at the opening of the Meeting.

### **C. RECORD DATE**

The Board has fixed February 21, 2019, as the record date (the “**Record Date**”) for determining those Shareholders entitled to receive notice of, and vote at, the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Shares voted at the Meeting.

## D. OWNERSHIP OF SHARES

To the best knowledge of the directors and officers of the Company, the only persons or companies that beneficially own, directly or indirectly, or exercised control or direction over, securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company as at February 21, 2019, are:

Name of Shareholder	Type of Ownership	Number of Shares Controlled	Percentage of Issued Shares <sup>(4)</sup>
Lewis Black <sup>(1)</sup>	Direct and Indirect	35,764,920	19.71%
Global Tungsten & Powders Corp. <sup>(2)</sup>	Direct	27,562,500	15.19%
Deutsche Rohstoff AG <sup>(3)</sup>	Direct	22,983,624	12.67%

Notes:

- (1) Lewis Black is the registered holder of 21,871,000 Shares. In addition, Lewis Black, together with Daniel D'Amato, have direction and control over shareholdings of Almonty Partners LLC, which is a privately held investment company specializing in tungsten mining investments. Almonty Partners LLC is the registered holder of 13,893,920 Shares.
- (2) Global Tungsten & Powders Corp. develops, manufactures and markets refractory metal powders and specialty products such as semi-finished parts for the aerospace and defense industry.
- (3) Deutsche Rohstoff AG is a public company listed on the Frankfurt Stock Exchange which identifies, develops and divests attractive resource projects in North America, Australia and Europe. Thomas Gutschlag, a director of the Company, is the Chief Executive Officer of Deutsche Rohstoff AG.
- (4) Based on 181,441,893 Shares outstanding as at the date hereof.

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

Except as otherwise disclosed herein, no director or officer of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, and the amendments to the Company's stock option plan (the "**Stock Option Plan**"), all as set out herein.

## **BUSINESS TO BE CONDUCTED AT THE MEETING**

### A. PRESENTATION OF FINANCIAL STATEMENTS

The audited financial statements of the Company for the fiscal year ended September 30, 2018, together with the auditor's report thereon, have been approved by the Board and will be presented to the Meeting. No vote of the Shareholders is required with respect to this item of business.

### B. ELECTION OF DIRECTORS

The Board currently consists of six directors. The term of office for each of the present directors of the Company expires at the Meeting. Mark Gelmon, elected at the Company's last annual meeting of Shareholders, will not be standing for re-election at the Meeting. It is proposed that the number of directors for the ensuing year be fixed at five, subject to such increases or decreases as may be permitted by the Articles of the Company. At the Meeting, the Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution fixing the number of directors to be elected at the Meeting at five. **Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted "FOR" fixing the number of directors for the ensuing year at five.**



It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next annual meeting of Shareholders or until his successor is duly elected or appointed pursuant to the Articles of the Company, unless his office is earlier vacated in accordance with the Articles of the Company and the provisions of the CBCA.

**Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted “FOR” the election of each of the nominees named below (the “Management Nominees”).** If any of the Management Nominees should, for any reason, become unable to serve as a director of the Company prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to nominate and vote for another nominee in their sole discretion.

The following disclosure sets out (i) the names of the five Management Nominees, (ii) their major offices and positions with the Company (if any), (iii) their place of residence, (iv) the committees of the Board on which each currently sits (if any), (v) the period of time during which each has been a director of the Company, (vi) their principal occupation, business or employment for the preceding five years, (vii) the number of Shares beneficially owned, or controlled or directed, directly or indirectly, by each as at February 21, 2019, and (viii) the number of Options held by each as at February 21, 2019.

Name, residence, office(s) held and date first became a director	Principal occupation, business or employment	Shares beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup>
<p><b>Lewis Black</b> Paris, France Chairman, President and Chief Executive Officer Director since September 23, 2011</p>	<p>Mr. Black is currently the President and Chief Executive Officer of the Company. He is also currently a partner of Almonty Partners LLC, a privately held company specializing in tungsten mining investments.</p> <p>Mr. Black previously served as Chairman and Chief Executive Officer of Primary Metals Inc., a tungsten mining company formerly listed on the TSX Venture Exchange, from 2005 to 2007. Prior to that he was head of sales and marketing for SC Mining Tungsten Thailand. Mr. Black holds a B.A. (Honours) from Manchester University and is a former Vice President of the International Tungsten Industry Association.</p>	35,764,920 <sup>(2)(3)</sup>
<p><b>Michael Costa</b> Toronto, Ontario, Canada Director Audit Committee Director since September 23, 2011</p>	<p>Mr. Costa is currently Vice President and Portfolio Manager at Goodman &amp; Company Investment Counsel Inc.</p> <p>Mr. Costa previously served as director with UBS Securities Canada and was responsible for managing the Fundamental Investment Group’s Canadian investment portfolio. Prior to joining UBS, Mr. Costa served as Vice President at both Goldman Sachs &amp; Co. in New York and Goldman Sachs Canada Inc., in Toronto.</p>	Nil
<p><b>Daniel D’Amato</b> Paris, France Director Compensation and Corporate Governance Committee Director since September 23, 2011</p>	<p>Mr. D’Amato is currently a partner of Almonty Partners LLC, a privately held company specializing in tungsten mining investments. He has held this position since 2005.</p> <p>Mr. D’Amato previously served on the board of directors of Primary Metals Inc., a tungsten mining company formerly listed on the TSX Venture Exchange, from 2005 to 2007. He began his career on Wall Street with Bear Stearns where over nearly a decade he became Managing Director. Mr. D’Amato holds a B.Sc. from Siena College and holds several securities and insurance licenses.</p>	15,924,720 <sup>(2)(4)</sup>

Name, residence, office(s) held and date first became a director	Principal occupation, business or employment	Shares beneficially owned, or controlled or directed, directly or indirectly <sup>(1)</sup>
<p><b>Dr. Thomas Gutschlag</b> Mannheim, Germany</p> <p>Director</p> <p>Audit Committee, Compensation and Corporate Governance Committee</p> <p>Director since September 15, 2015</p>	<p>Dr. Gutschlag is the Chief Executive Officer of Deutsche Rohstoff AG, a public company listed on the Frankfurt Stock Exchange which identifies, develops and divests attractive resource projects in North America, Australia and Europe.</p> <p>Dr. Gutschlag co-founded Deutsche Rohstoff AG in 2006 and has been its Chief Executive Officer since January 1, 2015 and prior thereto its Chief Financial Officer. He is a qualified economist with a degree in economics from the University of Heidelberg and a doctorate from the University of Mannheim.</p>	24,082,624 <sup>(5)(6)</sup>
<p><b>Mark Trachuk</b> Toronto, Ontario, Canada</p> <p>Director</p> <p>Audit Committee</p> <p>Compensation and Corporate Governance Committee (Chair)</p> <p>Director since September 23, 2011</p>	<p>Mr. Trachuk is currently the General Counsel and Corporate Secretary of Entertainment One Ltd. (LSE:ETO) which is a global independent studio that specializes in the development, acquisition, production, financing, distribution and sales of entertainment content. Entertainment One is listed on the Premium List of the London Stock Exchange and is a member of the FTSE 250. Prior to joining Entertainment One, Mr. Trachuk was a Senior Partner in the Business Law Group at Osler, Hoskin &amp; Harcourt LLP in Toronto where he practised corporate and securities law with an emphasis on mergers, acquisitions and strategic alliances. Mr. Trachuk has chaired Osler's International Practice Group, Corporate Practice Group and Corporate Finance Practice Group.</p> <p>Mr. Trachuk holds a B.A. in Economics from Carleton University, an LL.B. from the University of Ottawa and an LL.M. from the London School of Economics. He also holds the ICD.D designation from the Institute of Corporate Directors. Mr. Trachuk is called to the bar in Ontario and British Columbia and is a solicitor in England and Wales.</p>	700,000

Notes:

- (1) The number of shares beneficially owned, or controlled or directed, directly or indirectly, by each Management Nominee is based on information furnished by the nominees and from insider reports available under the Company's profile on SEDI at www.sedi.ca.
- (2) Almonty Partners LLC, a privately held company specializing in tungsten mining investments, holds 13,893,920 Shares or approximately 7.91% of the issued and outstanding Shares as of the date hereof. Lewis Black and Daniel D'Amato are each partners of Almonty Partners LLC.
- (3) Lewis Black is the holder of 21,871,000 Shares.
- (4) Daniel D'Amato is the holder of 2,030,800 Shares.
- (5) Deutsche Rohstoff AG, a public company listed on the Frankfurt Stock Exchange which identifies, develops and divests attractive resource projects in North America, Australia and Europe, holds 23,227,624 Shares or approximately 12.8% of the issued and outstanding Shares as of the date hereof. Deutsche Rohstoff AG also holds convertible debentures which are convertible into 4,137,931 Shares and up to an additional 3,184,713 Shares which, when combined with the Shares held by Deutsche Rohstoff AG as of the date hereof, represent approximately 16.1% of the issued and outstanding Shares as of the date hereof on a partially diluted basis. Mr. Gutschlag is the Chief Executive Officer of Deutsche Rohstoff AG.
- (6) Mr. Thomas Gutschlag is the holder of 855,000 Shares.

Each of the Management Nominees are, in the opinion of management, qualified to direct the activities of the Company until the next annual meeting of Shareholders and all nominees have indicated their willingness to stand for election.

**Majority Voting for Election of Directors**

The Board has adopted a "majority voting" policy, pursuant to which if a nominee for election as director does not receive a greater number of votes "for" than votes "withheld" at a meeting of shareholders, such

nominee shall offer his or her resignation as a director to the Board promptly following the meeting of shareholders at which the director was elected. Upon receiving such offer of resignation, the Compensation and Corporate Governance Committee will consider such offer and make a recommendation to the Board as to whether or not to accept it. Notwithstanding the foregoing, the Board shall accept the offer of resignation absent exceptional circumstances.

The Board will determine whether or not to accept the resignation within 90 days following the meeting of shareholders. The Company will announce the decision of the Board in a press release with respect to whether the Board has decided to accept such director's resignation. If the Board determines not to accept the resignation, the press release will state the reasons for that decision.

The director who tendered such resignation will not be part of any deliberations of any Board committee (including the Compensation and Corporate Governance Committee if such director is a member thereof) or the Board pertaining to the resignation offer.

The "majority voting" policy only applies in circumstances involving an uncontested election of directors. For the purposes of the policy, an "uncontested election of directors" means that the number of nominees for election as a director is not more than the number of directors proposed to be elected to the Board.

#### ***Orders, Bankruptcies, Penalties or Sanctions***

To the Company's knowledge, none of the Management Nominees:

- (a) is, as at the date of this Circular, nor has been within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Circular, nor has been within ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold any of their respective assets.

To the Company's knowledge, none of the Management Nominees has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority;
- (b) entered into a settlement agreement with a securities regulatory authority; or
- (c) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for such proposed director.

### **C. APPOINTMENT OF AUDITORS**

Effective March 30, 2017, the board appointed KPMG LLP of 777 Dunsmuir Street, Vancouver, BC, V7Y 1K3, as auditor of the Company.

Shareholders are being asked to re-appoint KPMG LLP as auditor of the Company to hold office until the next annual meeting of Shareholders. **Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted "FOR" the appointment of KPMG LLP as auditor of the Company to hold office until the close of the next annual meeting of Shareholders, at a remuneration to be fixed by the Board.**

### **D. APPROVAL OF UNALLOCATED OPTIONS UNDER AND CERTAIN AMENDMENTS TO THE COMPANY'S STOCK OPTION PLAN**

The Company has established the Stock Option Plan to provide long-term incentives to eligible directors, officers, employees and consultants. At the Meeting, Shareholders will be asked to consider and, if thought appropriate, approve by ordinary resolution unallocated options under, and the following amendments to, the Stock Option Plan (collectively, the "**Proposed Amendments**"):

1. to bring certain provisions of the Stock Option Plan in-line with the requirements of the Exchange, and to remove certain provisions that were required when the Shares were listed on the TSX Venture Exchange (as described in greater detail below under "*Addition of Exchange Requirements and Removal of TSX Venture Exchange Requirements*");
2. to permit any option granted pursuant to the Stock Option Plan (an "**Option**") that is scheduled to expire or terminate during, or within nine business days following, a trading black-out period to be exercised within ten business days following the end of such trading black-out period (as described in greater detail below under "*Expiry Dates During Trading Black-Outs*");
3. to accelerate the expiry dates of Options granted to optionees who have ceased to be involved with the Company (as described in greater detail below under "*Expiry Dates for Persons Ceasing to be Involved with the Company*");
4. to give the Board discretion regarding whether to accelerate the vesting of Options in the event of certain corporate events, including a take-over bid or change of control of the Company (as described in greater detail below under "*Vesting of Options in Connection with Certain Corporate Events*");

5. to specify the types of amendments to the provisions of the Stock Option Plan or any Options that will require Shareholder approval (as described in greater detail below under “*Amendment Provision*”); and
6. to implement certain amendments of a “housekeeping” nature.

The Board has previously approved the amendments, subject to the approval of Shareholders at the Meeting. See “*Description of Proposed Amendments to the Stock Option Plan*” below for further information regarding the Proposed Amendments.

See “*Summary of the Stock Option Plan*” below for more information concerning the Stock Option Plan (as amended by the Proposed Amendments) and the terms of Options granted thereunder.

See “*Resolution for the Approval of the Stock Option Plan*” below for the full text of the resolutions approving the Proposed Amendments to the Stock Option Plan.

The Stock Option Plan, marked to show the changes resulting from the Proposed Amendments is attached to this Circular as Schedule “A”. **Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted “FOR” the unallocated Options under and the Proposed Amendments to the Stock Option Plan.**

### ***Description of Proposed Amendments to the Stock Option Plan***

#### *Addition of Exchange Requirements and Removal of TSX Venture Exchange Requirements*

As a result of the de-listing of the Shares from the TSX Venture Exchange and the listing of the Shares on the Exchange on June 1, 2018, the Company has become subject to the requirements of the Exchange (including certain requirements regarding its security based compensation arrangements) and is no longer subject to the requirements of the TSX Venture Exchange. As such, the Company proposes that Shareholders approve certain amendments to the Stock Option Plan to add certain provisions required by the Exchange and to remove certain provisions which were previously required by the TSX Venture Exchange.

The Proposed Amendments resulting from the requirements of the Exchange include (i) that consultants must have provided services to the Company or an affiliate for a period of at least 12 months, on a continuous basis, in order to be eligible to receive Options; (ii) that the exercise price of an Option shall not be less than the market price of the Shares at the time of grant of the Option (as opposed to an allowed discount to the market price to a minimum price of \$0.10 under the current Stock Option Plan); and (iii) that the number of Options that may be issued to insiders of the Company within any one-year period or issuable to insiders of the Company at any time, when combined with all of the Company’s other security based compensation arrangements, shall not be more than 10% of the total issued and outstanding Shares, unless authorized by disinterested shareholder approval.

The Proposed Amendments removing certain provisions of the Stock Option Plan which were previously required by the TSX Venture Exchange include removing limits on the number of Options that can be granted to individuals, consultants, and professionals conducting investor relations activities.

#### *Expiry Dates During Trading Black-Outs*

As part of the Company’s corporate governance initiatives, the Company imposes trading restrictions from time to time that prevent officers, directors, and employees from transacting in the Company’s

securities. The Company proposes that Shareholders approve an amendment to the Stock Option Plan which permits any Option that is scheduled to expire or terminate during, or within nine business days following, a trading black-out period to be exercised within ten business days following the end of such trading black-out period.

#### *Expiry Dates for Persons Ceasing to be Involved with the Company*

The Company proposes that Shareholders approve an amendment to the Stock Option Plan which permits the acceleration of Option expiry dates in respect of Optionees who have ceased to be involved with the Company in certain circumstances. Under the current Stock Option Plan, if a director, officer, consultant or employee ceases to be so engaged by the Company for any reason other than death, such director, officer, consultant or employee shall have the right to exercise any vested Option not exercised prior to such termination within one year after the date of termination. The Company proposes to amend the Stock Option Plan to provide that (i) if a director, officer, consultant or employee ceases to be so engaged by the Company for just cause before the expiry date of such optionee's Option, the Option granted to such optionee shall thereupon cease and terminate and be of no further force or effect whatsoever; and (ii) if a director, officer, consultant or employee ceases to be so engaged by the Company for any reason, other than just cause or death, before the expiry date of such optionee's Option, such director, officer, consultant or employee shall have the right to exercise any vested Option not exercised prior to such termination within a period of thirty days after the date of termination.

#### *Vesting of Options in Connection with Certain Corporate Events*

The Company proposes that Shareholders approve an amendment to the Stock Option Plan which gives the Board discretion to accelerate the vesting of Options in the event of certain corporate events. Under the current Stock Option Plan, if there is a take-over bid for the Shares or a change of control of the Company, all outstanding Options shall become vested. The Company proposes to amend the Stock Option Plan to provide the Board with discretion as to whether the vesting date of outstanding Options should be accelerated in the event of a take-over bid for the Shares or a change of control of the Company.

#### *Amendment Provision*

Under the requirements of the Exchange, issuers are not permitted to make any amendments to their stock option plans without shareholder approval, unless shareholders have approved a specific amending provision that sets out the types of amendments which can be made without shareholder approval. In the absence of a specific amendment provision, all amendments to the Stock Option Plan, material or not, will require Shareholder approval. Consequently, the Company proposes that Shareholders replace the current general amendment provisions of the Stock Option Plan in favour of a specific amendment provision, pursuant to which only the following types of amendments would require shareholder approval:

- (a) any amendments to the maximum number of Shares reserved for issuance under the Stock Option Plan;
- (b) any amendment which reduces the exercise price of an Option that is held by an insider of the Company;
- (c) any amendment extending the term of an Option held by an insider of the Company beyond its original expiry date except as otherwise permitted by the Stock Option Plan;

- (d) any amendment which increases the limit on grants of Options to insiders of the Company under the Stock Option Plan;
- (e) the inclusion in the Stock Option Plan of amendment provisions granting additional powers to the Board to amend the Stock Option Plan or Option entitlements thereunder without Shareholder approval; and
- (f) amendments required to be approved by Shareholders under applicable law (including, without limitation, Exchange policies and securities laws).

All other types of amendments may be made by the Board or its delegate, if any, without Shareholder approval. The following are some examples of the types of amendments that may be made without Shareholder approval:

- (a) amendments of a “housekeeping” or ministerial nature, including any amendment for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan;
- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, including, without limitation, Exchange policies and securities laws);
- (c) the addition or modification of a cashless exercise feature, payable in securities or cash of the Company;
- (d) amendments respecting administration of the Stock Option Plan;
- (e) any amendment to the vesting provisions of the Stock Option Plan or any Option;
- (f) any amendment to the early termination provisions of the Stock Option Plan or any Option, whether or not such Option is held by an insider of the Company, provided such amendment does not entail an extension beyond the original expiry date;
- (g) amendments necessary to suspend or terminate the Stock Option Plan; and
- (h) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law (including, without limitation, without limitation, Exchange policies and securities laws).

### ***Summary of the Stock Option Plan***

The below provides a summary of the terms of the Stock Option Plan (as amended by the Proposed Amendments) and Options granted thereunder.

The Stock Option Plan is designed to provide additional flexibility to the Board and Compensation and Corporate Governance Committee of the Board (the “**CCG Committee**”) in implementing their compensation objectives.

The purpose of the Stock Option Plan is to attract and retain officers, directors, employees and consultants (including consultants who provide investor relations activities to the Company) and to motivate them to advance the interests of the Company by affording them the opportunity to acquire an equity interest in

the Company, through stock options, and benefit from its growth. The Stock Option Plan is administered by the CCG Committee in conjunction with management. The CCG Committee is responsible for recommending for approval to the Board the grants of Options to purchase Shares under the Stock Option Plan.

Under the Stock Option Plan for eligible directors, officers, consultants and employees, the Company may grant Options to purchase Shares to such eligible directors, officers, consultants and employees as the Board deems advisable. The Stock Option Plan provides that the maximum number of Shares issuable upon the exercise of Options under the Stock Option Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not exceed 10% of the issued and outstanding Shares (on a non-diluted basis) as at the date of grant of any Option under the Stock Option Plan. As a result, should the Company issue additional Shares in the future, the number of Shares issuable under the Stock Option Plan will increase accordingly. As of the date of this Circular and pursuant to the Stock Option Plan, the maximum number of Shares issuable upon exercise of options is 18,180,489 and 12,030,489 Options remain issuable under the Stock Option Plan.

The Stock Option Plan is considered an "evergreen" plan, since the Shares covered by Options which have been exercised shall be available for subsequent grants under the Stock Option Plan and the number of Options available to grant increases as the number of issued and outstanding Shares increases. The exercise price shall be set by the Board and shall not be less than the market price of the Shares at the time of grant of the Option. The Board sets the terms of the Options, provided that such term shall not exceed 10 years. The Board also approves the vesting period or periods of Options granted under the Stock Option Plan. Under the rules of the Exchange, unallocated option entitlements under a stock option plan that does not provide for a fixed number of shares for issuance, such as the Company's Stock Option Plan, must be specifically approved every three years by Shareholders. The Company does not provide financial assistance to participants under the Stock Option Plan to facilitate payment of the exercise price of Options.

As at the date hereof, Options to acquire 6,150,000 Shares (which represent 3.39% of the currently issued and outstanding Shares) had been granted and were outstanding pursuant to the Stock Option Plan and nil Shares have been issued upon exercise of options previously granted under the Stock Option Plan. Options to acquire Shares were granted under the Stock Option Plan during the financial year ended September 30, 2018 to: (i) the Named Executive Officers on June 29, 2018 (150,000 Options); (ii) to directors on June 29, 2018 (200,000 Options); and (ii) to other key employees at various other dates throughout the year (925,000 Options).

The annual burn rate of Options in respect of: (i) fiscal 2018 was 0.71%; (ii) fiscal 2017 was 1.46%; and (iii) fiscal 2016 was 0.86%. "Annual burn rate" is the number of Options granted under the Stock Option Plan during the applicable fiscal year divided by the weighted average number of Shares outstanding for the applicable fiscal year, as required to be calculated and disclosed pursuant to Sections 613(p) and 613(d)(iii) of the TSX Company Manual.

The Stock Option Plan also has the following terms, among others:

1. the exercise price for each Option granted (following the listing of the Shares on the Exchange on June 1, 2018) shall be the "market price" on the date the Option is granted. The "market price" is equal to the volume weighted average price at which the Shares have traded on the Exchange for the five trading days immediately preceding the date of grant;
2. the Board fixes the vesting terms it deems appropriate when granting Options;



3. the Stock Option Plan does not provide for a maximum number of Shares which may be issued to an individual pursuant to the Stock Option Plan and any other share compensation arrangement (expressed as a percentage or otherwise) except with respect to insiders as described below;
4. Options terminate within a period of time following an optionee ceasing to be a director, officer, consultant or employee of the Company or of a subsidiary of the Company, being the earlier of the original expiry date and (i) the date of termination, in the case of termination for just cause; (ii) one year in the case of death; and (iii) thirty days in all other cases, subject to the discretion of the Board. Any Option not vested at the date of such termination shall be immediately cancelled;
5. the number of Shares issuable to insiders of the Company at any time pursuant to all of the Company's share compensation arrangements shall not exceed 10% of the outstanding Shares on a non-diluted basis and the number of Shares issued to insiders of the Company, within any one year period, pursuant to all of the Company's share compensation arrangements, shall not exceed 10% of the outstanding Shares on a non-diluted basis;
6. Options are not transferable otherwise than by will or by the laws of descent and distribution, and Options are exercisable, during the holder's lifetime, only by the holder;
7. if the date on which an Option expires occurs during or within nine business days after the last day of a trading black-out period imposed pursuant to the Company's insider trading policy, then the expiry date of such Option shall be the date that is ten business days following the date of expiry of the trading black-out period;
8. accelerated vesting of Options under the Stock Option Plan at the Board's discretion in the event of: (i) a Take-Over Bid or Issuer Bid (as such terms are defined in the Stock Option Plan) (other than a "normal course" Issuer Bid) made for all or any of the issued and outstanding Shares; or (ii) a Change of Control (as defined in the Stock Option Plan) of the Company; and
9. schedules for the form of Option agreement for options issued, as well as a form for optionees to use to exercise Options.

The Board may, with Exchange approval, at any time amend, modify or terminate the Stock Option Plan if and when it is advisable in the discretion of the Board, except that Shareholder approval is required in respect of:

- (a) any amendments to the maximum number of Shares reserved for issuance under the Stock Option Plan;
- (b) any amendment which reduces the exercise price of an Option that is held by an insider of the Company;
- (c) any amendment extending the term of an Option held by an insider of the Company beyond its original expiry date except as otherwise permitted by the Stock Option Plan;
- (d) any amendment which increases the limit on grants of Options to insiders of the Company under the Stock Option Plan;

- (e) the inclusion in the Stock Option Plan of amendment provisions granting additional powers to the Board to amend the Stock Option Plan or Option entitlements thereunder without Shareholder approval; and
- (f) amendments required to be approved by Shareholders under applicable law (including, without limitation, Exchange policies and securities laws).

Where Shareholders approval is sought for amendments under subsections (b) (c) or (d) above, the votes attached to Shares held directly or indirectly by insiders of the Company benefiting from the amendment must be excluded.

Other than as specified above, the Board may approve all other amendments to the Stock Option Plan or Options granted under the Stock Option Plan. Without limiting the generality of the foregoing, the following types of amendments would not require shareholder approval:

- (a) amendments of a “housekeeping” or ministerial nature, including any amendment for the purpose of curing any ambiguity, error or omission in the Stock Option Plan or to correct or supplement any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan;
- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, including, without limitation, Exchange policies and securities laws);
- (c) the addition or modification of a cashless exercise feature, payable in securities or cash of the Company;
- (d) amendments respecting administration of the Stock Option Plan;
- (e) any amendment to the vesting provisions of the Stock Option Plan or any Option;
- (f) any amendment to the early termination provisions of the Stock Option Plan or any Option, whether or not such Option is held by an insider of the Company, provided such amendment does not entail an extension beyond the original expiry date;
- (g) amendments necessary to suspend or terminate the Stock Option Plan; and
- (h) any other amendment, whether fundamental or otherwise, not requiring Shareholder approval under applicable law (including, without limitation, without limitation, Exchange policies and securities laws).

A copy of the Stock Option Plan (showing the Proposed Amendments) is attached hereto as Schedule “A”.

***Resolution for the Approval of Unallocated Options under and Amendments to the Stock Option Plan***

The text of the resolution relating to the approval of unallocated Options under and Proposed Amendments to the Stock Option Plan that management intends to place before the Meeting, with or without modification, is substantially as follows:

“**WHEREAS**, the Board approved as of February 21, 2019 certain amendments to the Stock Option Plan of the Company as described in the Circular (collectively, the “**Proposed Amendments**”) in order to:

- (a) to bring certain provisions of the Stock Option Plan in-line with the requirements of the Exchange, and to remove certain provisions that were required when the Shares were listed on the TSX Venture Exchange;
- (b) to permit any Option that is scheduled to expire or terminate during, or within nine business days following, a trading black-out period to be exercised within ten business days following the end of such trading black-out period;
- (c) to accelerate the expiry dates of Options granted to optionees who have ceased to be involved with the Company;
- (d) to give the Board discretion regarding whether to accelerate the vesting of Options in the event of certain corporate events, including a take-over bid or change of control;
- (e) to specify the types of amendments to the provisions of the Stock Option Plan or any Options that will require shareholder approval; and
- (f) to implement certain amendments of a “housekeeping” nature.

**AND WHEREAS**, Stock Option Plan does not have a fixed maximum number of common shares issuable;

**AND WHEREAS**, the rules of the Exchange provide that all unallocated options, rights or other entitlements under a security based compensation arrangement which does not have a fixed number of maximum securities issuable, be approved every three (3) years;

**IT IS RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. all unallocated Options under the Stock Option Plan be and are hereby approved;
2. the Proposed Amendments, as described in the Circular, be approved;
3. the Company shall have the ability to continue granting Options under the Stock Option Plan until March 28, 2022, which is the date that is three (3) years from the date of the shareholder meeting at which shareholder approval is being sought; and
4. any director or officer of the Company be and is hereby authorized to do such things and to sign, execute and deliver all documents that such director and officer may, in their discretion, determine to be necessary or desirable in order to give full effect to the intent and purpose of this resolution.”

To be effective, the unallocated Options under the Stock Option Plan and the Proposed Amendments must be approved by the majority of the votes cast on the resolution by Shareholders, present in person or by proxy at the Meeting.

**Unless authority to do so is withheld, proxies given pursuant to this solicitation by the management of the Company will be voted “FOR” the authorization and approval of the unallocated Options under and the Proposed Amendments to the Stock Option Plan.**

## E. OTHER BUSINESS

As of the date of this Circular, none of the directors or officers of the Company are aware of any amendments or variations to the matters set out in the Notice of Meeting, nor of any other matter to be presented at the Meeting. However, if any amendment, variation or other business is properly brought before the Meeting, the accompanying form of proxy confers discretion on the persons named therein to vote on any amendment or variation of the matters set out in the Notice of Meeting or any such other business in accordance with their best judgment.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth as of September 30, 2018 the number of securities issuable upon exercise of outstanding Options, the weighted exercise price of such outstanding Options and the number of securities remaining available for future issuance under all equity plans previously approved by the Shareholders.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column)
Equity compensation plans approved by securityholders	6,200,000 <sup>(1)</sup>	\$0.68	11,980,489 <sup>(2)</sup>

Notes:

- (1) Shares issuable under the Stock Option Plan as of September 30, 2018 pursuant to outstanding Options (which represented approximately 3.4% of the issued and outstanding Shares as at September 30, 2018).
- (2) Shares, of which as of September 30, 2018 11,980,489 remained issuable under the Stock Option Plan (which represented approximately 6.6% of the issued and outstanding Shares as at September 30, 2018).

## EXECUTIVE COMPENSATION

### A. COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this compensation discussion and analysis portion of the Circular is to provide information about the Company's executive compensation philosophy, objectives and processes and to discuss compensation decisions relating to the Company's executive officers, including its "named executive officers". Pursuant to applicable securities regulations, a "named executive officer" means (i) the Chief Executive Officer and the Chief Financial Officer of the Company, (ii) each of the three most highly compensated executive officers other than the Chief Executive Officer and the Chief Financial Officer who were serving as executive officers of the Company or any of its subsidiaries at the end of the most recently completed financial year and whose total compensation exceeds \$150,000, and (iii) any additional individuals for whom disclosure would have been provided except that the individual was not serving as an executive officer of the Company or any of its subsidiaries, nor acting in a similar capacity, at the end of the most recently completed financial year.

For the financial year ended September 30, 2018, the only named executive officers of the Company were Lewis Black, Chief Executive Officer and Mark Gelmon, Chief Financial Officer (together, the "Named Executive Officers").

## *Compensation Governance*

### Compensation and Corporate Governance Committee

The Board has established the CCG Committee to assist the Board in fulfilling its oversight responsibilities in relation to, among other things, executive compensation, Board compensation, broadly applicable compensation and benefit programs, and performance reviews of the Board, its committees and individual directors. The CCG Committee is currently comprised of Daniel D’Amato, Thomas Gutschlag, and Mark Trachuk (Chair), all of whom have been determined by the Board to be independent under section 1.4 of National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), other than Mr. D’Amato by virtue of \$216,432 received by him in consulting fees for the financial year ended September 30, 2018. All members of the CCG Committee have experience in matters of executive compensation that is relevant to their responsibilities as members of such committee by virtue of their respective professions and long-standing involvement with public companies.<sup>1</sup> In addition, each member of the CCG Committee strives to keep abreast of trends and developments affecting executive compensation.

The Board has a written charter for the CCG Committee outlining its role and objectives, composition, meeting requirements and responsibilities. Pursuant to such charter, the specific duties and responsibilities of the CCG Committee include:

- (a) reviewing and recommending to the Board the compensation and benefits policies and plans (including incentive compensation plans) for the Company and its subsidiaries;
- (b) annually evaluating the performance of the Chief Executive Officer of the Company and recommending to the Board his or her annual compensation package;
- (c) annually reviewing and recommending to the Board the compensation packages for the other executive officers of the Company;
- (d) reviewing and recommending to the Board any employment agreements with executive officers of the Company;
- (e) annually reviewing and recommending to the Board the compensation of the directors of the Company;
- (f) determining grants of options under the Company’s stock option plan and recommending the same to the Board for approval; and
- (g) reviewing public disclosure of executive and director compensation.

The Board relies on the knowledge and experience of the members of the CCG Committee in carrying out its responsibilities and to recommend appropriate levels of compensation for the Company’s executive officers. Under its Charter, the CCG Committee may also engage any external professional advisors, which it deems necessary to carry out its duties. However, to date, the CCG Committee has not retained any compensation consultant or advisor to assist the CCG Committee or the Board in determining compensation for the company’s directors or executive officers.

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<sup>1</sup> For a description regarding the relevant education and experience of Mr. D’Amato, Mr. Gutschlag and Mr. Trachuk, see the section “*Business to be Conducted at the Meeting – Election of Directors*”, above.

A complete copy of the CCG Committee charter is available on the Company’s website at [www.almonty.com](http://www.almonty.com). Additional information with respect to the Board and the CCG Committee can be found in the section “*Corporate Governance – Board of Directors*” and “*Corporate Governance – Compensation and Corporate Governance Committee*”, below.

***Executive Compensation Program Design and Philosophy***

The Company’s executive compensation program is based on a pay-for-performance philosophy and is designed to deliver consistently strong performance for Shareholders. The Company’s program is intended to achieve the following key objectives:

- (a) aligning the interests of the Company’s executive officers and directors with those of its Shareholders;
- (b) attracting and retaining highly trained, experienced and committed executive officers and directors, whose performance will directly affect the Company’s ongoing financial performance; and
- (c) motivating and rewarding executive officers and directors by linking incentive compensation to Shareholder value, the achievement of general business objectives, and financial and operational results.

The Company’s compensation program is comprised of base salary, short-term incentive compensation and long-term incentive compensation. These components are discussed in more detail below. In setting the value of each of these components, the CCG Committee considers the performance of both the Company, as well as the individual performances of its executive officers for the period in question. The CCG Committee does not generally set specific performance objectives and so relies on its experience and judgment in determining compensation. However, the CCG Committee will generally have regard to, among other things:

- (a) The Company’s performance relative to its general goals and objectives.
- (b) The Company’s performance relative to the mining industry as a whole and its peer group in particular. This peer group is determined by the Board from time to time on the basis of the size, scope and complexity of the other firms’ businesses and operations compared to those of the Company, with regard to factors including the relative stage of development, production levels, past exploration and development success, revenue levels, total assets, free cash flow and capital expenditures. Companies in this peer group (the “**Company’s Peer Group**”) include:

<b>Tungsten Mining Companies</b>	<b>General Base Metals Mining Companies</b>
Northcliff Resources Ltd. Black Heath Resources Inc. Wolf Minerals Limited Ormonde Mining PLC Colt Resources Inc. Tungsten Mining NL W Resources PLC	Canada Zinc Metals Corp Capstone Mining Corp. Copper Mountain Mining Corporation Nevada Copper Corp Western Copper & Gold Corporation Largo Resources Ltd.

- (c) The relative competitiveness of the Company’s compensation program when compared with the Company’s Peer Group.
- (d) The Company’s share price and market capitalization.

- (e) Developments in, and the stability of, the financial markets more generally.

The CCG Committee has not conducted a formal evaluation of the implications of the risks associated with the Company's compensation policies. Risk management is a general consideration of the CCG Committee when implementing the Company's compensation policies and the CCG Committee does not believe that the Company's compensation policies result in unnecessary or inappropriate risk taking, including risks that are likely to have a material adverse effect on the Company.

The Company also does not have a policy that would prohibit a Named Executive Officer (as defined below) or director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. However, management is not aware of any Named Executive Officer or director purchasing any such instruments.

### ***Elements of the Company's Executive Compensation Program***

#### **Base Salaries**

Base salaries are considered to be an essential element in attracting and retaining highly qualified executive officers who are critical to the Company's success. An executive officer's base salary is intended to provide a fixed level of pay that reflects each executive officer's experience, primary duties and responsibilities. It also provides a foundation upon which performance based incentive compensation elements are assessed. Base salaries are established by taking into account individual performance, experience, level of responsibility and pay practices in the mining industry generally. Base salaries of all executive officers are reviewed annually by the CCG Committee and approved by the Board.

#### **Short-Term Incentive Compensation**

The Company may pay discretionary cash bonuses, which are intended to reward individual contribution to corporate performance over the course of the Company's most recent fiscal year. Bonuses are paid at the discretion of the Board, on the recommendation of the CCG Committee, and neither the CCG Committee nor the Board has established any particular trigger or formula for determining when an award will be made under this plan, nor the quantum of any award that is made. Instead, the CCG Committee and the Board will generally consider all aspects of an individual executive's personal contribution to corporate performance and general objectives when making a determination.

#### **Long-Term Incentive Compensation – Option-Based Awards**

The incentive Stock Option Plan of the Company was initially adopted by the Company on February 10, 2010 when the Company was a Capital Pool Company (as defined in the TSX Venture Exchange's Corporate Finance Manual), an amended and restated Stock Option Plan was initially approved by Shareholders at the Company's annual meeting of Shareholders on March 26, 2013, and a further amended and restated Stock Option Plan was approved by the Shareholders at the annual meeting of Shareholders held on March 22, 2016. The Board, on the recommendation of the CCG Committee, has the authority to grant Options to officers, directors, employees or consultants (or a corporation employing or wholly-owned by such persons), including consultants that provide investor relations activities to the Company, on such terms, limitations, conditions and restrictions as the Board deems necessary or advisable.

The Stock Option Plan is intended to advance the interests of the Company by encouraging the officers, directors, employees and consultants of the Company, and of its subsidiaries, to acquire Shares, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

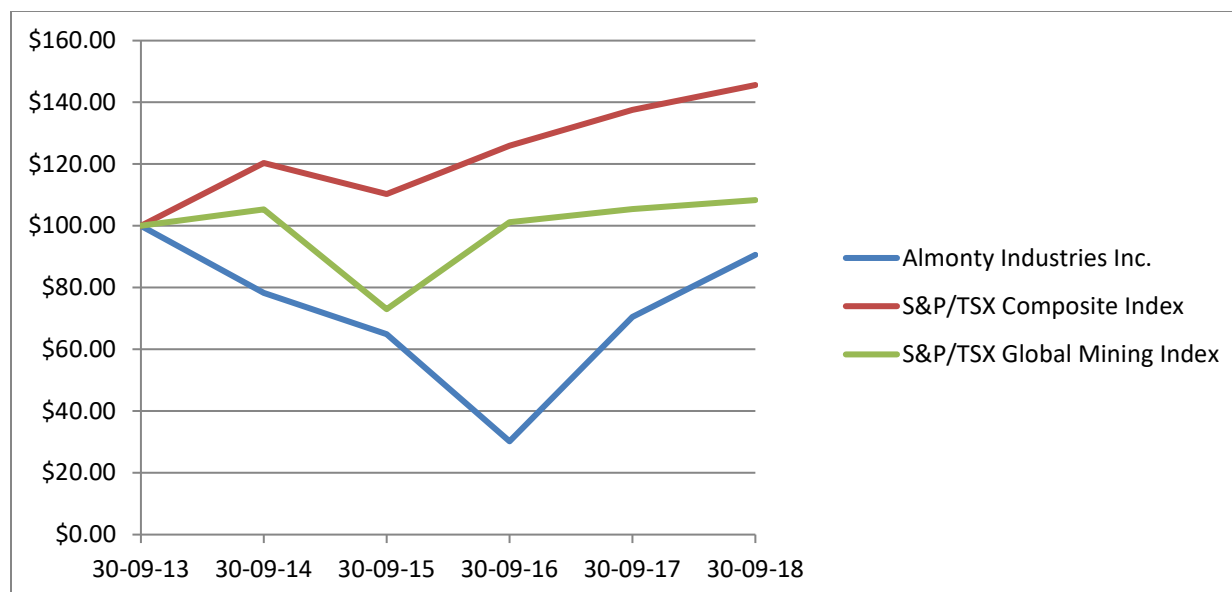
Ownership of Shares is intended to align the interests of the Company's executive officers, directors and other stakeholders with those of the Shareholders, as participation in the Stock Option Plan rewards overall corporate performance, as measured through the price of the Shares. The Stock Option Plan is also intended to assist in the recruitment and retention of key personnel. Similar to many other firms in the Company's Peer Group, the granting of Options forms an integral component of the Company's overall executive compensation package. The Stock Option Plan enables executive officers to develop and maintain an ownership interest in the Company.

Options are normally awarded upon the commencement of an executive officer's employment with the Company, with the size of the award determined by the level of the executive officer's responsibility within the Company. The Board, on the recommendation of the CCG Committee, has authority to make additional grants from time to time, and such awards are intended to ensure that the number of Options granted to any particular individual is commensurate with the individual's level of ongoing responsibility within the Company. The Board and CCG Committee also have regard to other factors when determining whether to make an additional award of Options to an individual under the Stock Option Plan, including the number of outstanding Options already granted to that individual, the value of such Options and the total number of Options available for grant under the Stock Option Plan. See the section "*Business to be Conducted at the Meeting – Approval of the Second Amended and Restated Stock Option Plan*", above, for further information regarding the Stock Option Plan.

### ***Performance Graph***

The following graph compares the yearly percentage change in the cumulative total return on the Shares with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Global Mining Index. The graph indicates the relative values for each year as at September 30, with 2013 being indexed at 100.





	2013	2014	2015	2016	2017	2018
Almonty Industries Inc.	100	78.32	64.90	30.21	70.49	90.63
S&P/TSX Composite Index	100	120.38	110.29	125.96	137.53	145.61
S&P/TSX Global Mining Index	100	105.34	73.01	101.17	105.45	108.34

As shown in the foregoing graph, the Company's performance has been below the performance of the S&P/TSX Composite Index and S&P/TSX Global Mining Index. Market conditions over the past several years have been volatile and have particularly impacted the junior mining sector. Market conditions and associated long term market uncertainties have an impact on officer compensation decisions; however, the Compensation and Corporate Governance Committee of the Company also considers the performance of the officers and the achievement of milestones. The Company's officers have achieved many milestones, notwithstanding the difficulties resulting from the depressed price of tungsten prior to 2018.

## B. SUMMARY COMPENSATION TABLE

### *Summary Compensation Table*

The following table sets forth the compensation earned in the financial years ended September 30, 2018, September 30, 2017, and September 30, 2016 by the Company's Named Executive Officers.

Name and principal position	Year ended September 30,	Salary (\$)	Option-based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
				Annual incentive plans	Long-term incentive plans			
Lewis Black <sup>(2)</sup> President & Chief Executive Officer, Director	2018	305,480	73,225	127,770 <sup>(3)</sup>	Nil	N/A	Nil	506,475
	2017	315,366	132,957	75,210 <sup>(3)</sup>	Nil	N/A	Nil	523,533
	2016	231,841	50,130	Nil	Nil	N/A	Nil	326,155
Mark Gelmon <sup>(2)</sup> Chief Financial Officer, Director <sup>(4)</sup>	2018	210,000	36,612	18,750 <sup>(3)</sup>	Nil	N/A	Nil	265,362
	2017	122,500	13,297	Nil	Nil	N/A	Nil	135,797
	2016	Nil	Nil	Nil	Nil	N/A	Nil	Nil

Notes:

- (1) The Company accounts for stock options using the fair value based method and the fair value of the award on the grant date has been determined using the Black-Scholes fair value option pricing model and the following assumptions for the financial year ended September 30, 2018: (i) weighted average fair value per option: \$0.70; (ii) weighted average share price \$0.87; (iii) weighted average exercise price: \$0.87; (iv) expected volatility: 78%; (v) dividend yield: Nil%; (vi) risk free interest rate: 2.20%; and (vii) weighted average expected life in years: 10.
- (2) Neither Mr. Black nor Mr. Gelmon received compensation relating to their roles as directors of the Company.
- (3) Represents a cash bonus.
- (4) Mr. Gelmon will not be standing for re-election as a director at the Meeting.

### ***Employment, Consulting and Management Agreements***

Other than as described below, as of the date of this Circular, the Company does not have any employment contracts, agreements or arrangements with the Named Executive Officers to compensate them in the event of their resignation, retirement, termination or in the event of a change of control of the Company.

#### ***Lewis Black, Chairman, President and Chief Executive Officer***

Effective October 1, 2012, the Company entered into an employment agreement with Mr. Black, as President and Chief Executive Officer of the Company. Under this agreement, Mr. Black is entitled to (i) an annual salary of US\$240,000 per year, as may be adjusted by the Board from time to time (the “**Base Salary**”), (ii) standard benefits made available by the Company to its employees, (iii) the use of a leased automobile in Spain, (iv) pay up to €6,000 per month in respect of rent and utilities for leased accommodation in Paris that is to be used as office space and (v) participation in the Stock Option Plan. The agreement also contains certain confidentiality and non-competition provisions for the benefit of the Company.

If Mr. Black’s employment is terminated for cause, by resignation or death, Mr. Black will receive his unpaid Base Salary and any other benefits earned through the termination date. In the case of termination for cause or by resignation, Mr. Black’s vested options will remain exercisable until 90 calendar days following the termination date. In the case of termination by death, Mr. Black’s vested options will remain exercisable by his heirs or administrators for one year from the date of death.

If Mr. Black’s employment is terminated without cause or for good reason, then Mr. Black will be entitled to receive (i) his unpaid Base Salary and any other benefits earned through the termination date, and (ii) 12 months’ notice (or Base Salary in lieu of such notice). In the case of termination without cause all vested options will remain exercisable for 12 months following the termination date. Options that do not vest will be forfeited.

There are no provisions in Mr. Black's employment agreement that provide for payments on a change of control, other than certain changes of control that may lead to termination by Mr. Black for good reason. However, under the Stock Option Plan, on a change of control, all options issued to Mr. Black under the Stock Option Plan will become vested.

*Estimated Payments for Named Executive Officers upon Termination of Employment or Change of Control*

The following table sets out the incremental payments (but excluding any statutory benefits) that would be made to each Named Executive Officer, at, following, or in connection with each of the termination scenarios below as if the triggering event had occurred on September 30, 2018.

Name and Principal Position	Type of Payment	Termination for cause (\$)	Termination without cause (\$)	Resignation (\$)	Death (\$)	Good Reason (\$)	Change of Control (\$)
<b>Lewis Black</b> President and Chief Executive Officer	Cash Severance	Nil	US\$240,000 <sup>(1)</sup>	Nil	Nil	US\$240,000 <sup>(1)</sup>	Nil
	Options <sup>(2)</sup>	Nil	Nil	\$259,000	\$259,000	\$259,000	\$259,000

Notes:

- (1) Severance is governed by the respective NEO's employment agreement.
- (2) The values shown represent the in-the-money amount of options for which vesting would be accelerated. The closing price of the Shares on the Exchange on September 30, 2018, was \$0.81.

## C. INCENTIVE PLAN AWARDS

### *Outstanding Option-Based Awards*

The following table sets forth all option-based awards outstanding at the end of the financial year ended September 30, 2018 for each of the Named Executive Officers.

Name	Option-based awards				
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of vested options as at September 30, 2018	Value of vested unexercised in-the-money options (\$) <sup>(1)</sup>
<b>Lewis Black</b> President & Chief Executive Officer, Director	250,000	\$1.00	September 25, 2021	250,000	Nil
	100,000	\$0.65	January 7, 2025	100,000	16,000
	300,000	\$0.80	December 23, 2025	300,000	3,000
	500,000	\$0.33	August 17, 2027	500,000	240,000
	100,000	\$0.87	June 28, 2028	100,000	Nil
<b>Mark Gelmon</b> Chief Financial Officer, Director <sup>(2)</sup>	50,000	\$0.33	August 17, 2027	50,000	24,000
	50,000	\$0.87	June 28, 2028	50,000	3,000

Notes:

- (1) The closing price of the Shares on the Exchange on September 30, 2018 was \$0.81 per Share.
- (2) Mr. Gelmon will not be standing for re-election as a director at the Meeting.

***Incentive Plan Awards – Value Vested or Earned During the Year Ended September 30, 2018***

The following table sets forth all awards in which the value vested or was earned during the financial year ended September 30, 2018 for each of the Named Executive Officers.

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
<b>Lewis Black</b> President & Chief Executive Officer, Director	73,225	127,770 <sup>(1)</sup>
<b>Mark Gelmon</b> Chief Financial Officer, Director <sup>(2)</sup>	36,612	18,750 <sup>(1)</sup>

Notes:

- (1) Represents a cash bonus.
- (2) Mr. Gelmon will not be standing for re-election as a director at the Meeting.

See “*Summary of the Stock Option Plan*” above for more information concerning the Stock Option Plan (as amended by the Proposed Amendments) and the terms of Options granted thereunder.

**D. PENSION PLAN BENEFITS**

The Company does not have a pension plan or similar benefit program.

**E. DIRECTOR COMPENSATION**

***Director Compensation Table***

During the financial year ended September 30, 2018, the directors earned compensation for serving as members of the Board as set out in the following table.

<b>Name<sup>(1)</sup></b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
<b>Michael Costa</b>	Nil	Nil	146,450	Nil	N/A	Nil	146,450
<b>Daniel D’Amato</b>	216,432 <sup>(2)</sup>	Nil	73,225	31,925 <sup>(3)</sup>	N/A	Nil	321,582
<b>Mark Trachuk</b>	Nil	Nil	73,225	31,925 <sup>(3)</sup>	N/A	Nil	105,150
<b>Thomas Gutschlag</b>	Nil	Nil	73,225	31,925 <sup>(3)</sup>	N/A	Nil	105,150
<b>Total (\$)</b>	216,432	Nil	366,125	95,775	N/A	Nil	678,332

Notes:

- (1) Information regarding compensation to Lewis Black and Mark Gelmon is disclosed under “Summary Compensation Table”, above.
- (2) Represents consulting fees paid to Mr. D’Amato.
- (3) Represents cash bonuses.

### ***Outstanding Option-Based Awards***

The following table sets forth all option-based awards outstanding at the end of the financial year ended September 30, 2018 for each of the directors.

Name <sup>(1)</sup>	Option-based awards				
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Number of vested options as at September 30, 2018	Value of vested unexercised in-the-money options (\$) <sup>(2)</sup>
<b>Michael Costa</b>	200,000	\$0.87	June 28, 2028	200,000	Nil
<b>Daniel D'Amato</b>	100,000	\$1.00	September 25, 2021	100,000	Nil
	100,000	\$0.65	January 7, 2025	100,000	16,000
	500,000	0.80	December 23, 2025	500,000	5,000
	200,000	0.33	August 17, 2027	200,000	96,000
	100,000	0.87	June 28, 2028	100,000	Nil
<b>Mark Trachuk</b>	100,000	1.00	September 25, 2021	100,000	Nil
	100,000	\$0.65	January 7, 2025	100,000	16,000
	200,000	\$0.33	August 17, 2027	200,000	96,000
	100,000	\$0.87	June 28, 2028	100,000	Nil
<b>Thomas Gutschlag</b>	100,000	\$0.80	December 23, 2025	100,000	1,000
	200,000	\$0.33	August 17, 2027	200,000	96,000
	100,000	\$0.87	June 28, 2028	100,000	Nil

Notes:

- (1) Information regarding option-based awards to Lewis Black and Mark Gelmon is disclosed under “*Summary Compensation Table*”, above.
- (2) The closing price of the Share on the Exchange on September 30, 2018 was \$0.81 per Share.

### ***Incentive Plan Awards – Value Vested or Earned During the Year Ended September 30, 2018***

The following table sets forth all awards in which the value vested or was earned during the financial year ended September 30, 2018 for each of the directors.

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
<b>Michael Costa</b>	73,225	Nil
<b>Daniel D'Amato</b>	73,225	31,925 <sup>(2)</sup>

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Mark Trachuk	73,225	31,925 <sup>(2)</sup>
Thomas Gutschlag	73,225	31,925 <sup>(2)</sup>

Notes:

- (1) Information regarding option-based awards to Lewis Black and Mark Gelmon is disclosed under “*Summary Compensation Table*”, above.
- (2) Represents cash bonuses.

### ***Directors’ and Officers’ Insurance***

During the financial year ended September 30, 2018, the Company participated in directors’ and officers’ liability insurance coverage of \$10,000,000 for the benefit of all the directors and officers of the Company in such capacity and as a group. The premium cost paid by the Company for directors’ and officers’ liability insurance for this period was \$51,416. The coverage contains a deductible of \$25,000, payable by the Company for any loss.

## **CORPORATE GOVERNANCE**

The following discussion of the Company’s corporate governance policies and practices is provided pursuant to the disclosure requirements applicable to it as set out in applicable securities laws and the policies of the Exchange. The Company is not a “venture issuer” for purposes of these laws and policies and it is required to provide this disclosure relating to its corporate governance policies and practices annually.

National Policy 58-201 – *Corporate Governance Guidelines* (“**NP 58-201**”) sets out guidelines for effective corporate governance. These guidelines deal with matters such as the constitution and independence of corporate boards, their functions, the effectiveness and education of board members and other items dealing with sound corporate governance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires that if management of an issuer solicits proxies from its securityholders for the purpose of electing directors, specified disclosure of the corporate governance practices must be included in its management information circular.

The Company and the Board recognize the importance of corporate governance to the effective management of the Company and to the protection of its employees and Shareholders. The Company’s approach to significant issues of corporate governance is designed with a view to ensuring that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The Company’s corporate governance practices are in compliance with applicable Canadian requirements. The Company continues to monitor developments in Canada with a view to further revising its governance policies and practices, as appropriate.

The Board has considered the guidelines set out in NP 58-201 and believes that its approach to corporate governance is appropriate and works effectively for the Company and its Shareholders, given its size.

Cognizant of these regulatory requirements and the evolution of best practices, the Board has been, and will continue to be, proactive in reviewing and amending the Company’s governance practices.)

## **A. BOARD OF DIRECTORS**

### ***Mandate of the Board of Directors***

On January 23, 2012, the Board approved a written Mandate of the Board to assist it in the better execution of its responsibilities, the text of which is attached hereto as Schedule “B”. The mandate provides certain guidelines for Board composition and conduct, and highlights particular areas of the conduct of the Company’s affairs for which the Board assumes specific responsibility.

### ***Composition and Independence***

The Board facilitates its exercise of independent supervision over management by ensuring representation on the Board by directors who are independent of management and by promoting frequent interaction and feedback.

Applicable securities laws, including NP 58-201, recommend that boards of directors of non-venture issuers such as the Company be comprised of a majority of independent directors, as that term is defined under applicable securities laws. Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board has reviewed the relationship between each current director and the Company with a view to determining independence. Based on that review, three of the Company’s five directors submitted for proposed election at the Meeting are independent.

The independent directors are:

- Michael Costa
- Thomas Gutschlag; and
- Mark Trachuk.

The non-independent directors are:

- Lewis Black; and
- Daniel D’Amato.

Mr. Black is not independent of the Company by virtue of his role as Chief Executive Officer of the Company. Mr. D’Amato is not independent by virtue of \$216,432 received by him in consulting fees for the financial year ended September 30, 2018.

The Board has overall responsibility for the governance of the Company, including the exercise of independent supervision of the Company’s management. The Board considers that management is, and has been, effectively supervised by the independent directors on an informal basis, as these independent directors are, and have been, actively and regularly engaged in reviewing the operations and activities of the Company, and have full and regular access to management of the Company. Though the current Chairman is not independent, the independent directors have sufficient breadth of experience to operate without necessarily needing to rely on the leadership of the Chairman.

### ***Directorships of Other Reporting Issuers***

None of the current directors of the Company presently serve on the board of directors of any other reporting issuers (or the equivalent) in a Canadian jurisdiction or a foreign jurisdiction, other than as set out below.

<b>Name of Director</b>	<b>Name of Reporting Issuer (or the Equivalent)</b>	<b>Name of Exchange</b>
Thomas Gutschlag	Deutsche Rohstoff AG	Frankfurt Stock Exchange

### ***Board Meetings and Attendance***

Meetings of the non-management directors at which members of management (including the President and Chief Executive Officer) are not in attendance are generally held immediately after regularly scheduled Board meetings. In addition, the Company's Board committees operate under approved charters and chair mandates, and can and do meet and operate independently of non-independent directors and management in fulfilling their mandates and making recommendations to the Board.

The following is a summary of the meetings of the Board and the meetings of the Audit and Compensation and Corporate Governance Committees of the Board held during fiscal 2018 and the attendance at these meetings by the directors:

<b>Name of Director</b>	<b>Board Meetings Attended</b>	<b>Audit Committee Meetings Attended</b>	<b>Compensation and Corporate Governance Committee Meetings Attended</b>
Lewis Black	4 of 4	N/A	N/A
Mark Gelmon <sup>(1)</sup>	4 of 4	N/A	N/A
Michael Costa	4 of 4	4 of 4	N/A
Daniel D'Amato	4 of 4	N/A	1 of 1
Mark Trachuk	4 of 4	4 of 4	1 of 1
Thomas Gutschlag	4 of 4	4 of 4	1 of 1

Notes:

- (1) Mr. Gelmon will not be standing for re-election as a director at the Meeting.

### **B. AUDIT COMMITTEE**

The audit committee of the Board (the "**Audit Committee**") is currently comprised of Mr. Michael Costa, Mr. Thomas Gutschlag and Mr. Mark Trachuk (Chair), all of whom are financially literate and independent within the meaning of NI 52-110. The Company complies with the composition requirements for audit committees under NI 52-110 which requires that all the members of the Audit Committee be independent.

Further information regarding the Audit Committee, including a copy of the charter of the Audit Committee, can be found in the Company's annual information form dated January 11, 2019, a copy of which is available for review under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).



## **C. COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE**

The CCG Committee is comprised of Daniel D’Amato, Mr. Thomas Gutschlag and Mark Trachuk (Chair), all of whom have been determined by the Board to be independent under NI 58-101, other than Mr. D’Amato for the reasons described above. The CCG Committee assists the Board in fulfilling its oversight responsibilities with respect to each of the areas discussed below.

### ***Compensation***

As discussed above, responsibility for matters relating to the overall compensation philosophy and guidelines for the directors and officers of the Company lies with the CCG Committee. The CCG Committee annually reviews and recommends to the Board, the adequacy and form of compensation of the directors of the Company in light of the responsibilities and risks involved in being such a director. The CCG Committee is also responsible for annually evaluating the performance of the Chief Executive Officer of the Company and recommending to the Board his or her annual compensation package. A detailed discussion and analysis of the Board’s and the CCG Committee’s approach to the determination of compensation is provided in the section “*Executive Compensation – Compensation Discussion and Analysis*”, above.

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

In addition to its oversight mandate with respect to compensation matters, responsibility for matters relating to the identification and nomination of directors lies with the CCG Committee. The CCG Committee is responsible for reviewing and reporting to the Board on matters relating to the identification, nomination and review of directors, including:

- (a) developing criteria for selection of directors and procedures to identify possible nominees;
- (b) reviewing and assessing qualifications of director nominees including potential conflicts of interest;
- (c) submitting to the Board for consideration and decision, names of the nominees to be brought forward to the next annual meeting of Shareholders or to be appointed to fill vacancies between such meetings; and
- (d) determining if any Board member’s qualifications or credentials since appointment have changed, or other circumstances arisen, so as to warrant a recommendation that such member resigns.

The CCG Committee does not currently have a written procedure for identifying new candidates for Board membership. In the normal course, the CCG Committee makes use of the formal and informal networks of the members of the Board and carries out formal searches for candidates when so directed by the Board.

### ***Orientation and Continuing Education***

Responsibility for orientation and continuing education of the Company’s directors lies with the CCG Committee. The CCG Committee’s charter provides it with a specific mandate to develop and review annually programs for the orientation of new directors and the ongoing education of existing directors. With respect to orientation, the CCG Committee relies on informal orientation programs that are tailored

to the particular needs and experience of the new director in question and to the needs of the Board at that time. The CCG Committee will provide such information to new members of the Board so as to ensure that such directors are familiar with the Company's business and procedures of the Board. Information may include the Company's corporate and organizational structure, recent filings and financial information, governance documents and important policies and procedures. The CCG Committee also ensures that every director possesses the capabilities, expertise, availability and knowledge required to fill his or her position adequately. With respect to ongoing education, the CCG Committee relies on its professional advisors to provide updates to the various members of the Board regarding changes in relevant policies, laws or regulations, and on a cultural expectation that directors communicate with the Company's management and professional advisors, as well as attend relevant industry conferences, in order to remain abreast of developments in the Company's industry and legal and regulatory environment. From time to time, the CCG Committee may arrange on-site tours of the Company's operations.

### ***Assessments***

Primary responsibility for assessing the performance of the Board, its committees and individual members lies with the CCG Committee. Pursuant to the CCG Committee's charter, the committee's responsibilities in this regard include the conduct of annual reviews of various aspects of the Company's corporate governance policies and practices, and in particular to conduct an annual review, together with the Chairman of the Board, of the effectiveness of the Board as a whole, the committees of the Board, and the contribution of each individual director, and to make periodic reports to the Board on these matters. The CCG Committee is also responsible for reviewing and making recommendations to the Board with respect to the establishment or abolition of committees of the Board, their respective terms of reference, and the size and composition of the various committees of the Board.

### ***Director Term Limits***

The Company has not adopted term limits for directors on the Board or other mechanisms of board renewal as the Board is of the view that it is in the Company's best interests to retain experienced board members who are familiar with the Company's business and can provide continuity to its management. Instead, the Board currently assesses the performance of directors based on their ability to continue to make a meaningful contribution.

### ***Representation of Women on the Board and in Executive Offices***

The Company has not adopted a written policy specifically relating to the identification and nomination of women directors nor does the Board formally consider the level of representation of women when making executive officer appointments or set targets regarding women on the Board or in executive officer positions. However, informally, in identifying and selecting director or executive officer nominees, the Company values diversity, including, without limitation, diversity of experience, perspective, education, race, gender and national origin, as one among the many factors taken into consideration during the search process. The Company also considers, among other things, the qualifications, personal qualities, business background and relevant experience of individual candidates as well as the overall composition of the Board or executive office with a view to identifying and selecting the best and most complementary candidates. The CCG Committee and the Board intend to consider whether the Company should adopt specific policies and practices regarding the representation of women on the Board and in executive office positions, including the setting of targets for such representation.

As at the date hereof, no women are members of the Board and no women hold executive officer positions.

## **D. ETHICAL BUSINESS CONDUCT**

As a responsible corporate citizen, the Company is committed to conducting its affairs with integrity, honesty, fairness and professionalism. On January 23, 2012, the Board approved a series of formal, written policies intended in part to promote ethical business conduct by the Company and its directors, executive officers and employees. In addition to the Board being subject to the written mandate of the Board, as discussed above, and to the general requirement that the Company and its directors, executive officers, employees and consultants act in accordance with all applicable laws, these formal policies include:

- (a) *Code of Business Conduct*: Intended to promote the fundamental values of integrity, honesty, fair dealing and transparency, the code imposes certain and specific obligations on the directors, executive officers and employees of the Company to achieve this objective and provides for certain sanctions in the event of non-compliance. Responsibility for conducting periodic reviews of this Code of Business Conduct and overseeing management's monitoring of compliance with the Code of Business Conduct lies with the CCG Committee.
- (b) *Whistleblower Policy*: This policy imposes a general obligation on the Company's directors, executive officers, employees, consultants and contractors to submit all good faith concerns and complaints in respect of any matter that may constitute a breach of the Company's Code of Business Conduct, and in particular with respect to concerns about the Company's accounting, internal control or auditing procedures, to the Chair of the Audit Committee. Responsibility for administering this policy lies with the Audit Committee.
- (c) *Insider Trading Policy*: Intended to ensure compliance with applicable securities laws relating to insider trading and tipping, as well as avoiding the occurrence or appearance of improper trading or tipping and assisting the Company's directors, officers and employees to comply with their obligations under such laws. This policy outlines certain general obligations and provides for certain sanctions in the event of non-compliance with its terms by any of the Company's directors, executive officers, employees or consultants.

Further information and complete copies of the Company's codes and policies are available on the Company's website at [www.almonty.com](http://www.almonty.com).

## **E. OTHER COMMITTEES**

As of the date of this Circular, there are no additional committees of the Board.

### **GENERAL MATTERS**

#### **A. INDEBTEDNESS OF DIRECTORS AND OFFICERS**

No director, nominee for election as a director, executive officer, employee or former director, executive officer or employee of the Company or any of its subsidiaries, or any of their associates or other member of management of the Company, was indebted to the Company at any time since the beginning of the most recently completed financial year of the Company or as at the date hereof, other than "routine indebtedness" as defined in applicable securities laws.

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

Except as disclosed in the Company's annual information form dated January 11, 2019, to the knowledge of management of the Company, no informed person or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any material interest, direct or indirect, in any transaction since the beginning of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries, except as disclosed in this Circular or in a previous information circular of the Company.

For the above purposes, an "informed person" means (i) a director or executive officer of the Company, (ii) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company, (iii) any person or company who beneficially owns, or controls or directs, directly or indirectly, 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 (iv) the Company after having purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

## **C. EXTERNAL MANAGEMENT COMPANIES**

None of the management functions of the Company or any of its subsidiaries are to any substantial degree performed other than by the directors or executive officers of the Company or a subsidiary.

## **D. RECEIPT OF SHAREHOLDER PROPOSALS FOR THE NEXT ANNUAL MEETING**

A registered holder or beneficial owner of Shares may (a) submit to the Company, Attention: Corporate Secretary at 100 King Street West, Suite 5700, Toronto, Ontario, M5X 1C7 a notice of any matter that the person proposes to raise at the next annual meeting of Shareholders (a "**proposal**"); and (b) discuss at the meeting any matter in respect of which the person would have been entitled to submit a proposal, subject to the requirements under section 137 of the *Canada Business Corporations Act*. The Company shall set out such proposal and the accompanying supporting statement, if any, in the management information circular for the next annual meeting of Shareholders, provided that the proposal is submitted to the Company at least 90 days before the anniversary date of the notice of meeting that was sent to Shareholders in connection with the previous annual meeting of Shareholders.

## **E. AUDITORS AND TRANSFER AGENT**

The Company's auditor is KPMG LLP, Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, ON M5H 2S5. KPMG LLP was first appointed as the Company's auditor effective March 30, 2017.

The transfer agent and registrar of the Company is Computershare Investor Services Inc. through its principal offices in Vancouver, British Columbia.

## **F. NORMAL COURSE ISSUER BID**

On November 9, 2017, the Company announced its intention to make a normal course issuer bid to be transacted through the facilities of the Exchange (the "**NCIB**"). Pursuant to the terms of the NCIB, the Company may purchase Shares for cancellation in compliance with the Exchange's rules up to a maximum of 7,331,011 Shares, being 4.3% of the issued and outstanding Shares as of the date of the NCIB Notice of Intention to Make a Normal Course Issuer Bid submitted to the TSX Venture Exchange

on November 9, 2017. The NCIB terminated concurrent with the Company's graduation to the Exchange and the commencement of trading of its Shares on the Exchange on June 1, 2018. As of May 30, 2018, the Company had purchased for cancellation 597,000 Shares at a volume weighted average price of \$0.489 per Share.

#### **G. ADDITIONAL INFORMATION**

Additional information with respect to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information with respect to the Company is provided in the Company's financial statements and management discussion and analysis for its most recently completed fiscal year. Shareholders can access this information on SEDAR under the Company's profile or by request to the Corporate Secretary of the Company at the following address:

Almonty Industries Inc.  
100 King Street West  
Suite 5700  
Toronto, Ontario  
M5X 1C7

Phone: (647) 438-9766

#### **H. APPROVAL**

The contents and the sending of this Circular have been approved by the Board.

February 21, 2019.

(signed) "Lewis Black"

Lewis Black  
Chairman of the Board of Directors

**SCHEDULE "A"**

**STOCK OPTION PLAN**

**(BLACKLINE SHOWING CHANGES RESULTING FROM THE PROPOSED AMENDMENTS)**

See attached.

ALMONTY INDUSTRIES INC.

SECOND AMENDED AND RESTATED INCENTIVE STOCK OPTION PLAN

PART 1  
INTERPRETATION

1.1 **Definitions.** In this Plan the following words and phrases shall have the following meanings, namely:

- (a) ~~“~~Board~~”~~ means the board of directors of the Company and includes any committee of directors appointed by the directors as contemplated by Section 3.1 hereof;
- (b) ~~“~~Black-Out Option Expiry Date~~”~~ has the meaning ascribed thereto in Section 5.2;
- (c) ~~“~~Change of Control~~”~~ means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board;
- (d) ~~(b)~~ ~~“~~Company~~”~~ means Almonty Industries Inc.;
- (e) ~~(e)~~ ~~“~~Consultant~~”~~ means an individual, other than an Employee or Director of the Company, that:
  - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an affiliate of the Company, other than services provided in relation to a distribution of securities;
  - (ii) has provided services to the Company or an affiliate for a period of at least twelve (12) months, on a continuous basis;
  - (iii) ~~(ii)~~ provides the services under a written contract between the Company or the affiliate, and the individual;
  - (iv) ~~(iii)~~ in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an affiliate of the Company; and
  - (v) ~~(iv)~~ has a relationship with the Company or an affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (f) ~~(d)~~ ~~“~~Director~~”~~ means any director of the Company or of any of its subsidiaries;

- (g) ~~(e)~~ “**Eligible Person**” means bona fide Employees, Consultants, Officers or Directors, or corporations employing or wholly owned by such Employees, Consultants, Officers or Directors;
- (h) ~~(f)~~ “**Employee**” means any individual in the employment of the Company or any of its subsidiaries or of a company providing management or administrative services to the Company;
- (i) ~~(g)~~ “**Exchange**” means the ~~TSX Venture~~ Toronto Stock Exchange and any other stock exchange on which the Shares are listed for trading;
- (j) ~~(h)~~ “**Exchange Policy**” Policies” means, collectively, the policies, bylaws, rules and regulations of the Exchange governing the granting of options by the Company, as amended from time to time;
- (k) ~~(i)~~ “**Expiry Date**” means not later than ten years from the date of grant of the option;
- (l) ~~(j)~~ “**Insider**” has the meaning ascribed thereto in Exchange Policies;
- (m) “**Issuer Bid**” has the meaning ascribed thereto in the Securities Act;
- ~~(k) — “Investor Relations Activities” means any activities, by or on behalf of the Company or shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, but does not include:~~
- ~~(i) — the dissemination of information provided, or records prepared, in the ordinary course of business of the Company~~
- ~~(A) — to promote the sale of products or services of the Company, or~~
- ~~(B) — to raise public awareness of the Company,~~
- ~~that cannot reasonably be considered to promote the purchase or sale of securities of the Company;~~
- ~~(ii) — activities or communications necessary to comply with the requirements of~~
- ~~(A) — applicable Securities Laws,~~
- ~~(B) — Exchange requirements or the by laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Company;~~
- ~~(iii) — communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if~~



- ~~(A) — the communication is only through the newspaper, magazine or publication, and~~
- ~~(B) — the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer; or~~
- ~~(iv) — activities or communications that may be otherwise specified by the Exchange;~~
- (n) ~~(l)~~ **“Joint Actor”** means a person acting “jointly or in concert with” another person as that phrase is interpreted in ~~section 96 of the~~accordance with Securities Act/Laws;
- ~~(m) — “Optionee” or “Optionees” means the recipient of an incentive stock option under this Plan;~~
- (o) **“Market Price”** shall mean the volume weighted average price at which the Shares have traded on the Exchange for the five trading days immediately preceding the date on which the Option is approved by the Board.
- (p) **“Offer”** has the meaning ascribed thereto in Section 6.3;
- (q) ~~(n)~~ **“Officer”** means any senior officer of the Company or of any of its subsidiaries as defined in the ~~Securities Act (British Columbia)~~Securities Act;
- (r) **“Optionee” or “Optionees”** means the recipient of an incentive stock option under this Plan;
- (s) **“Option Share”** has the meaning ascribed thereto in Section 6.3;
- (t) ~~(e)~~ **“Plan”** means this second amended and restated incentive stock option plan as from time to time further amended;
- (u) ~~(p)~~ **“Securities Act”** means the ~~Securities Act, R.S.B.C. 1996, c.418~~Securities Act (Ontario), as amended, from time to time;
- (v) ~~(q)~~ **“Securities Laws”** means the act, policies, bylaws, rules and regulations of the securities commissions governing the granting of options by the Company, as amended from time to time;
- (w) ~~(r)~~ **“Shares”** means the common shares ~~without par value~~ of the Company; and
- (x) **“Take-over Bid”** has the meaning ascribed thereto in the Securities Act.

1.2 **Governing Law.** The validity and construction of the Plan shall be governed by and construed in accordance with the laws of the Province of ~~British Columbia~~Ontario, and the federal laws of Canada applicable therein.

1.3 **Gender.** Throughout this Plan, words importing the masculine gender shall be interpreted as including ~~the female gender~~ all genders.

## PART 2 PURPOSE OF PLAN

2.1 **Purpose.** The purpose of this Plan is to attract and retain Employees, Consultants, Officers or Directors to the Company and to motivate them to advance the interests of the Company by affording them with the opportunity to acquire an equity interest in the Company through options granted under this Plan to purchase Shares.

## PART 3 GRANTING OF OPTIONS

3.1 **Administration.** This Plan shall be administered by the Board or, if the Board so elects, by a committee (which may consist of only one person) appointed by the Board from its members.

3.2 **Committee's Recommendations.** The Board may accept all or any part of recommendations of the committee or may refer all or any part thereof back to the committee for further consideration and recommendation.

3.3 **Board Authority.** Subject to the limitations of the Plan, the Board shall have the authority to:

- (a) grant options to purchase Shares to Eligible Persons;
- (b) determine the terms, limitations, restrictions and conditions respecting such grants;
- (c) interpret the Plan and adopt, amend and rescind such administrative guidelines and other rules and regulations relating to the Plan as it shall from time to time deem advisable; and
- (d) make all other determinations and take all other actions in connection with the implementation and administration of the Plan including without limitation for the purpose of ensuring compliance with Section 7.1 hereof as it may deem necessary or advisable.

3.4 **Grant of Option.** A resolution of the Board shall specify the number of Shares that should be placed under option to each Eligible Person; the exercise price to be paid for such Shares upon the exercise of each such option; any applicable hold period; and the period, including any applicable vesting periods required by Exchange ~~Policy~~ Policies or by the Board, during which such option may be exercised.

3.5 **Written Agreement.** Every option granted under this Plan shall be evidenced by a written agreement substantially in the form attached hereto as Schedule "A", containing such terms and conditions as are required by Exchange ~~Policy~~ Policies and Securities Laws, between the Company and the Optionee and, where not expressly set out in the agreement, the provisions of such

agreement shall conform to and be governed by this Plan. In the event of any inconsistency between the terms of the agreement and the Plan, the terms of the Plan shall govern.

3.6 Tax and Other Statutory Obligations. To the extent the exercise of an option hereunder gives rise to any tax or other statutory withholding obligation (including, without limitation, income and payroll withholding taxes imposed by any jurisdiction), the Board may implement appropriate procedures to ensure that the tax withholding obligations are met. These procedures may include, without limitation, increased withholding from an Optionee's regular compensation, cash payments by an Optionee, or the sale of a portion of the Shares acquired pursuant to the exercise of an option, which sale may be required and initiated by the Board. Unless otherwise determined by the Board, any such procedure, including offering choices among procedures, will be applied consistently with respect to all similarly situated Optionees, except to the extent any procedure may not be permitted under the laws of the applicable jurisdiction.

## PART 4 RESERVE OF SHARES FOR OPTIONS

4.1 **Sufficient Authorized Shares to be Reserved.** Whenever the ~~Notice of~~ Articles of the Company limit the number of authorized Shares, a sufficient number of Shares shall be reserved by the Board to satisfy the exercise of options granted under this Plan. Shares that were the subject of options that have lapsed or terminated shall thereupon no longer be in reserve and may once again be subject to an option granted under this Plan.

4.2 **Maximum Number of Shares Reserved.** Unless authorized by shareholders of the Company, this Plan, together with all of the Company's other previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not result, at any time, in the number of Shares reserved for issuance pursuant to stock options exceeding 10% of the issued and outstanding Shares of the Company (on a non-diluted basis) as at the date of grant of any stock option under the Plan.

~~4.3 **Limits with Respect to Individuals.** The aggregate number of Shares that may be reserved for issuance to any one individual in a 12 month period pursuant to the Plan shall not exceed 5% of the issued and outstanding Shares of the Company determined at the time of the grant of the option.~~

~~4.4 **Limits with Respect to Consultants.** The number of options granted to any one Consultant in a 12 month period under the Plan shall not exceed 2% of the issued and outstanding Shares at the time of the grant of the option.~~

~~4.5 **Limits with Respect to Investor Relations Activities.** The aggregate number of options granted to all persons retained to provide Investor Relations Activities in any 12 month period under the Plan shall not exceed 2% of the issued and outstanding Shares determined at the time of the grant of the option. For certainty, persons retained to provide Investor Relations Activities shall include any Consultant that performs Investor Relations Activities and any Employee or Director whose role and duties primarily consist of Investor Relations Activities. Options issued to persons retained to provide Investor Relations Activities must vest in stages over a period of not less than 12 months with no more than 1/4 of the options vesting in any three month period.~~

4.3 ~~4.6~~ **Limits with Respect to Insiders.** Unless authorized by the disinterested shareholders of the Company, the number of Shares:

- (a) issued to insiders of the Company within any one-year period; and
- (b) issuable to insiders of the Company, at any time.

under the Plan, together or when combined with all of the Company's other ~~previously established or proposed stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Shares, shall not result, at any time in the grant to Insiders, within a 12 month period, of a number of options exceeding~~ security based compensation arrangements, cannot exceed 10% of the total issued and outstanding Shares ~~at the time of the grant, respectively.~~

## PART 5 CONDITIONS GOVERNING THE GRANTING AND EXERCISING OF OPTIONS

5.1 **Exercise Price.** ~~Subject to a minimum~~ The purchase price ~~of CDN \$0.10 per share and Section 5.2 hereof, the exercise price of an~~ for Shares under each option ~~may~~ shall not be less than the ~~closing market price during the trading day immediately preceding the date~~ Market Price at the time of the grant ~~of the option, less any applicable discount allowed by the Exchange.~~

~~5.2~~ **~~Exercise Price if Distribution.~~** ~~If the options are granted within ninety days of a public distribution by prospectus, then the minimum exercise price shall be the greater of Section 5.1 and the per share price paid by the public investors for Shares acquired under the public distribution. The ninety day period will commence on the date a final receipt is issued for the prospectus.~~

5.2 ~~5.3~~ **Expiry Date.** Each option shall, unless sooner terminated, expire on a date to be determined by the Board which will not be later than the Expiry Date. Notwithstanding anything to the contrary herein, if the date on which an option expires occurs during or within nine business days after the last day of a trading black-out period imposed pursuant to the Company's insider trading policy (as may be amended from time to time), then the expiry date of such option shall be the date (a "Black-Out Option Expiry Date") that is 10 business days following the date of expiry of the trading black-out period. If a new trading black-out is imposed prior to the Black-Out Option Expiry Date, the Black-Out Option Expiry Date shall be the date that is 10 business days following the expiry of the new trading black-out period.

5.3 ~~5.4~~ **Different Exercise Periods, Prices and Number.** The Board may, in its absolute discretion, upon granting an option under this Plan and subject to the provisions of ~~Section~~ Sections 5.1 and 6.3 hereof, specify a particular time period or periods following the date of granting the option during which the Optionee may exercise his option to purchase Shares and may designate the exercise price and the number of Shares in respect of which such Optionee may exercise his option during each such time period.

5.4 ~~5.5~~ **Termination of Employment/Director.** If a Director, Officer, Consultant or Employee ceases to be so engaged by the Company for just cause (as determined by the Board, in its

sole discretion) before the expiry date of such Optionee's option, the option granted to such Optionee shall thereupon cease and terminate and be of no further force or effect whatsoever. If a Director, Officer, Consultant or Employee ceases to be so engaged by the Company for any reason, other than just cause or death, before the expiry date of such Optionee's option, such Director, Officer, Consultant or Employee shall have the right to exercise any vested option not exercised prior to such termination within ~~the later of 12 months after the completion of the qualifying transaction and~~ a period of ~~one year~~thirty days after the date of termination, or such shorter period as may be set out in the Optionee's Option Agreement. For greater certainty, any option not vested at the date of such termination shall be immediately cancelled. For greater certainty, all options to purchase Shares granted prior to March 26, 2013 shall be deemed to have been amended so as to be subject to this Section ~~5.5.4~~ upon a Director, Officer, Consultant or Employee ceasing to be so engaged by the Company for any reason other than death.

5.5 ~~5.6~~ **Death of Optionee.** If an Optionee dies prior to the expiry of his option, his heirs or administrators may within one year from the date of the Optionee's death exercise ~~that portion of any vested~~ option ~~granted~~not exercised prior to the date of the Optionee ~~under the Plan which remains vested and outstanding's~~ death. For greater certainty, any option not vested at the date of the Optionee's death shall be immediately cancelled.

5.6 ~~5.7~~ **Assignment.** No option granted under the Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by provided for in Section ~~5.6~~5.5.

5.7 ~~5.8~~ **Notice.** Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company substantially in the form set out in Schedule "B" hereto.

5.8 ~~5.9~~ **Payment.** ~~Options~~Once vested, options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by an Optionee on exercise of an option shall be paid for in full in cash at the time of their purchase.

5.9 **Conditions Precedent.** The Company's obligation to issue and deliver Shares under any option is subject to:

- (a) completion of such registration or other qualification of such shares or obtaining approval of such government authority as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such shares to listing on any stock exchange on which the Company's shares may then be listed; and
- (c) the receipt from the Optionee of such representations, agreements and undertakings as to future dealings in such Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

5.10 **Options to Employees or Consultants.** In the case of options granted to Employees or Consultants, the Optionee must be a bona-fide Employee or Consultant, as the case may be, of the Company or its subsidiary.

## PART 6 CHANGES IN OPTIONS

~~6.1 **Share Consolidation or Subdivision.** In the event that the Shares are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any Shares that are then subject to option shall be adjusted accordingly.~~

6.1 **6.2 Stock Dividend.** In the event that the Shares are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board to such extent as it deems proper in its absolute discretion. **Adjustment in Shares and Exercise Price.** In the event that:

- (a) there is any change in the Shares through subdivisions or consolidations of the share capital of the Company, or otherwise;
- (b) the Company declares a dividend out of the ordinary course on the Shares payable in Shares or securities convertible into or exchangeable for Shares; or
- (c) the Company issues Shares, or securities convertible into or exchangeable for Shares, in respect of, in lieu of, or in exchange for, existing Shares,

the number of Shares available for option, the Shares subject to any option, and the option exercise price thereof, shall be adjusted appropriately by the Board and such adjustment shall be effective and binding for all purposes of this Plan, subject to the prior consent of the Exchange (if such consent is required under the Exchange Policies).

6.2 **Merger, Amalgamation, Etc.** If there is a merger, statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a transfer of all substantially all of the assets of the Company to another entity, upon the exercise of an option under this Plan, the holder thereof shall be entitled to receive the securities, property or cash which the holder would have received upon such merger, amalgamation, arrangement, separation or transfer if the holder had exercised the option immediately prior to such event, unless the directors of the Company otherwise determine the basis upon which such option shall be exercisable.

~~6.3 **Effect of a Take-Over Bid.** If a bona fide offer to purchase Shares (an "Offer") is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the *Securities Act*, the Company must, upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Shares subject to such option ("**Option Shares**") will become vested and the option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:~~ If there is a Take-over Bid or Issuer Bid (other than a "normal course" Issuer Bid) made for all or any of the issued and outstanding Shares (an "Offer"), then the Board may, by resolution, permit all options outstanding, vested and unvested, under the Plan to become immediately exercisable (subject to any limitations the Board

may impose) in order to permit Shares issuable under such options to be tendered to such bid (such Shares, the "Option Shares").

~~(a) — the Offer is not completed within the time specified therein including any extensions thereof; or~~

~~(b) — all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,~~

~~then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to Sections 5.4 and 5.5 shall be reinstated. If any Option Shares are returned to the Company under this Section 6.3, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.~~

6.4 **Acceleration of Expiry Date.** If an Offer is made ~~by an offeror~~, the ~~Directors~~Board may, upon notifying the ~~Optionee~~Optionees of full particulars of the Offer, declare that the ~~Expiry Date~~expiry date for the exercise of all unexercised options granted under the Plan is accelerated so that all options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer.

6.5 **Effect of a Change of Control.** If a Change of Control ~~(as defined below)~~ occurs, ~~the Board may, by resolution, permit~~ all Option Shares subject to each outstanding option ~~will~~to become vested, whereupon such option may be exercised in whole or in part by the Optionee. ~~"Change of Control" means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of the Company.~~

## PART 7 SECURITIES LAWS AND EXCHANGE POLICIES

7.1 **Securities Laws and Exchange's Rules and Policies Apply.** This Plan and the granting and exercise of any options hereunder are also subject to such other terms and conditions as are set out from time to time in the Securities Laws and Exchange Policies and such rules and policies shall be deemed to be incorporated into and become a part of this Plan. In the event of an inconsistency between the provisions of such rules and policies and of this Plan, the provisions of such rules and policies shall govern. In the event that the Company's listing changes from one tier to another tier on the Exchange or the Company's Shares are listed on a new stock exchange, the granting of options shall be governed by the rules and policies of such new tier or new stock exchange and unless inconsistent with the terms of this Plan, the Company shall be able to grant options pursuant to the rules and policies of such new tier or new stock exchange without requiring shareholder approval.



**PART 8  
AMENDMENT OF PLAN**

8.1 ~~Board May Amend~~Amendments. The Board may, ~~by resolution, subject to obtaining any required consent of the Exchange, at any time amend, modify or terminate this Plan, but no such amendment or termination shall, except with the written consent of the Optionees concerned, affect the terms and conditions of options previously granted under this Plan which have not then been exercised or terminated.~~ if and when it is advisable in the discretion of the Board, provided however, shareholder approval shall be required in respect of:

~~8.2 Exchange Approval. Any amendment to this Plan or options granted pursuant to this Plan shall not become effective until such Exchange and shareholder approval as is required by Exchange Policy and Securities Laws has been received.~~

- (a) any amendments to the maximum number of Shares reserved for issuance under the Plan;
- (b) ~~8.3 Amendment to Insider's Options. Any amendment to options held by Insiders of the Company at the time of the amendment, which results in a reduction in the exercise price of the options, is conditional upon the obtaining of disinterested shareholder approval to that amendment.~~ any amendment which reduces the exercise price of an option that is held by an insider of the Company;
- (c) any amendment extending the term of an option held by an insider of the Company beyond its original expiry date except as otherwise permitted by the Plan;
- (d) any amendment which increases the limit on grants of options to insiders of the Company under the Plan;
- (e) the inclusion in the Plan of amendment provisions granting additional powers to the Board to amend the Plan or option entitlements thereunder without shareholder approval; and
- (f) amendments required to be approved by shareholders under applicable law (including, without limitation, Exchange Policies and Securities Laws).

Where shareholder approval is sought for amendments under subsections (b) (c) or (d) above, the votes attached to Shares held directly or indirectly by insiders of the Company benefiting from the amendment will be excluded.

Other than as specified above, the Board may approve all other amendments to the Plan or Options granted under the Plan. Without limiting the generality of the foregoing, the following types of amendments would not require shareholder approval:

- (a) amendments of a "housekeeping" or ministerial nature, including any amendment for the purpose of curing any ambiguity, error or omission in the Plan or to correct or supplement any provision of the Plan that is inconsistent with any other provision of the Plan;



- (b) amendments necessary to comply with the provisions of applicable law (including, without limitation, including, without limitation, Exchange Policies and Securities Laws);
- (c) the addition or modification of a cashless exercise feature, payable in securities or cash of the Company;
- (d) amendments respecting administration of the Plan;
- (e) any amendment to the vesting provisions of the Plan or any option;
- (f) any amendment to the early termination provisions of the Plan or any option, whether or not such option is held by an insider of the Company, provided such amendment does not entail an extension beyond the original expiry date;
- (g) amendments necessary to suspend or terminate the Plan; and
- (h) any other amendment, whether fundamental or otherwise, not requiring shareholder approval under applicable law (including, without limitation, without limitation, Exchange Policies and Securities Laws).

## PART 9

### EFFECT OF PLAN ON OTHER COMPENSATION OPTIONS

9.1 **Other Options Not Affected.** This Plan is in addition to any other existing stock options granted prior to and outstanding as at the date of the Plan and shall not in any way affect the policies or decisions of the Board in relation to the remuneration of Directors, Officers, Consultants and Employees.

## PART 10

### OPTIONEE'S RIGHTS AS A SHAREHOLDER

10.1 **No Rights Until Option Exercised.** An Optionee shall be entitled to the rights pertaining to share ownership, such as to dividends, only with respect to Shares that have been fully paid for and issued to the Optionee upon exercise of an option.

## PART 11

### EFFECTIVE DATE OF PLAN

11.1 **Effective Date.** The Plan shall become effective upon the later of the date of acceptance for filing of the Plan by the Exchange or the approval of the Plan by the shareholders of the Company, however, options may be granted under the Plan prior to the receipt of approval by shareholders and acceptance from the Exchange.

**SCHEDULE "A"**

**ALMONTY INDUSTRIES INC.  
INCENTIVE STOCK OPTION AGREEMENT**

**INCENTIVE STOCK OPTION AGREEMENT** dated \_\_\_\_\_, between Almonty Industries Inc. (the "**Company**") and \_\_\_\_\_ (the "**Optionee**").

**WHEREAS**

A. In order to attract and retain employees, consultants, officers and directors of the Company and to motivate them to advance the interests of the Company, the Company has created an incentive stock option plan (the "**Plan**"); and

B. pursuant to the Plan, the Company has agreed to issue options under the Plan to the Optionee.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

1. **Grant of Options.** Pursuant to the Plan, the Company hereby grants to the Optionee who accepts \_\_\_\_\_ options (the "**Options**") to acquire common shares ~~without par value~~ in the capital of the Company (the "**Shares**") at an exercise price of \$ \_\_\_\_\_ per share upon the following terms and conditions.
2. **Vesting.** The Options will vest ~~immediately on~~ \_\_\_\_\_.
3. **Expiry.** The Options will expire ~~10~~ \_\_\_\_\_ years [maximum of ten years] after the date of the grant of the Options.
4. **Termination of Employment.** If the Optionee is a Director, Officer, Consultant or Employee (as defined in the Plan) and ceases to be so engaged by the Company for just cause (as determined by the Board, in its sole discretion) before the expiry date of such Optionee's option, the option granted to such Optionee shall thereupon cease and terminate and be of no further force or effect whatsoever. If a Director, Officer, Consultant or Employee ceases to be so engaged by the Company for any reason, other than just cause or death, before the expiry date of such Optionee's option, such Director, Officer, Consultant or Employee shall have the right to exercise any vested Option option not exercised prior to such termination within the later of 12 months after the completion of the qualifying transaction and a period of one year thirty days after the date of termination, or such shorter period as may be set out in this the Optionee's Option Agreement. For greater certainty, any option not vested at the date of such termination shall be immediately cancelled.
5. **Death of Optionee.** If the Optionee dies prior to the expiry of his Option, his heirs or administrators may within one year from the date of the Optionee's death exercise ~~that portion of any vested~~ option granted not exercised prior to the date of the Optionee ~~under the Plan which remains vested and outstanding's death.~~

6. **Assignment.** No option granted under the Plan or any right thereunder or in respect thereof shall be transferable or assignable otherwise than by provided for in Section 5.

7. **Notice.** Options shall be exercised only in accordance with the terms and conditions of the agreements under which they are respectively granted and shall be exercisable only by notice in writing to the Company substantially in the form set out in Schedule "B" of the Plan.

8. **Payment.** ~~Options~~ Once vested, options may be exercised in whole or in part at any time prior to their lapse or termination. Shares purchased by the Optionee on exercise of an Option shall be paid for in full in cash at the time of their purchase.

9. ~~**Share Consolidation or Subdivision.** In the event that the Shares of the Company are at any time subdivided or consolidated, the number of Shares reserved for option and the price payable for any~~ Conditions Precedent. ~~The Company's obligation to issue and deliver Shares that are then under any option is~~ subject to ~~option shall be adjusted accordingly.~~

(a) completion of such registration or other qualification of such shares or obtaining approval of such government authority as the Company shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(b) the admission of such shares to listing on any stock exchange on which the Company's shares may then be listed; and

(c) the receipt from the Optionee of such representations, agreements and undertakings as to future dealings in such Shares as the Company determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

10. ~~**Stock Dividend.** In the event that the Shares of the Company are at any time changed as a result of the declaration of a stock dividend thereon, the number of Shares reserved for option and the price payable for any Shares that are then subject to option may be adjusted by the Board of Directors to such extent as it deems proper in its absolute discretion.~~ Adjustment in Shares and Exercise Price. In the event that:

(d) there is any change in the Shares through subdivisions or consolidations of the share capital of the Company, or otherwise;

(e) the Company declares a dividend out of the ordinary course on the Shares payable in Shares or securities convertible into or exchangeable for Shares; or

(f) the Company issues Shares, or securities convertible into or exchangeable for Shares, in respect of, in lieu of, or in exchange for, existing Shares,

the number of Shares available for option, the Shares subject to any option, and the option exercise price thereof, shall be adjusted appropriately by the Board and such adjustment shall be effective and

binding for all purposes of this Plan, subject to the prior consent of the Exchange (if such consent is required under the Exchange Policies).

11. ~~Effect of a Take-Over Bid~~Merger, Amalgamation, Etc. If a ~~bona fide offer to purchase Shares (an "Offer") is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon all Shares subject to such option ("Option Shares") will become vested and the option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if: there is a merger, statutory amalgamation or arrangement of the Company with or into another corporation, a separation of the business of the Company into two or more entities or a transfer of all substantially all of the assets of the Company to another entity, upon the exercise of an option under this Plan, the holder thereof shall be entitled to receive the securities, property or cash which the holder would have received upon such merger, amalgamation, arrangement, separation or transfer if the holder had exercised the option immediately prior to such event, unless the directors of the Company otherwise determine the basis upon which such option shall be exercisable.~~

~~the Offer is not completed within the time specified therein including any extensions thereof; or~~

~~all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,~~

~~then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to the Plan and this Agreement shall be reinstated. If any Option Shares are returned to the Company under this section, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.~~

12. Effect of a Take-Over Bid. If there is a Take-over Bid or Issuer Bid (other than a "normal course" Issuer Bid) made for all or any of the issued and outstanding Shares (an "Offer"), then the Board may, by resolution, permit all options outstanding, vested and unvested, under the Plan to become immediately exercisable (subject to any limitations the Board may impose) in order to permit Shares issuable under such options to be tendered to such bid (such Shares, the "Option Shares").

13. ~~12-Acceleration of Expiry Date.~~ If an Offer is made ~~by an offeror,~~ the ~~Directors~~Board may, upon notifying the ~~Optionee~~Optionees of full particulars of the Offer, declare that the ~~Expiry Date~~expiry date for the exercise of all unexercised ~~Options~~options granted under the Plan is

accelerated so that all ~~Options~~options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer.

14. ~~13.-Effect of a Change of Control.~~ If a Change of Control (~~as defined below~~) occurs, the Board may, by resolution, permit all Option Shares subject to ~~an~~each outstanding ~~Option will~~option to become vested, whereupon such ~~Option~~option may be exercised in whole or in part by the Optionee. ~~"Change of Control" means the acquisition by any person or by any person and a Joint Actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of the Company.~~

15. ~~14.-Certificate Subject to Terms of Plan.~~ The Optionee acknowledges that the terms and conditions of this Agreement are subject to the provisions of the Plan and Exchange ~~Policy~~Policies and Securities Laws as amended from time to time, which provisions are incorporated by reference into this Agreement. In the event of an inconsistency between the provisions of the Plan and this Agreement, the provisions of the Plan shall prevail. The Plan shall be available for review by the Optionee at the Company's records office.

All capitalized terms not defined in this Agreement have the meaning ascribed thereto in the Plan.

*[signature page follows]*

IN WITNESS WHEREOF, the Company and Optionee have caused this Agreement to be duly executed. This Option is granted on the date first stated above.

**ALMONTY INDUSTRIES INC.**

By: \_\_\_\_\_  
Authorized Signatory

**OPTIONEE**

\_\_\_\_\_  
Signature of Optionee

**SCHEDULE "B"**

**EXERCISE NOTICE**

**ALMONTY INDUSTRIES INC.**

The undersigned Optionee hereby subscribes ~~to~~for \_\_\_\_\_ common shares ~~without par value~~ in the capital of Almonty Industries Inc. (the "Company") at a price of \$ \_\_\_\_\_ per share, pursuant to the ~~provision~~provisions of the Incentive Stock Option Agreement entered into between the undersigned and the Company on \_\_\_\_\_. The undersigned encloses cash in the amount of \$ \_\_\_\_\_ in full payment for the shares purchased herein.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Signature of Optionee

\_\_\_\_\_  
Name of Optionee

\_\_\_\_\_  
Address of Optionee

## **SCHEDULE “B”**

### **MANDATE OF THE BOARD OF DIRECTORS**

**January 23, 2012**

The Board of Directors (the “Board”) of Almonty Industries Inc. (the “Corporation”) believes that the appropriate mix of skills, experience, age and gender will help to enhance its performance. The Board’s composition should reflect business experience compatible with the Corporation’s business objectives.

#### **Fiduciary Duty and Duty of Care**

The Board’s fundamental relationship with the Corporation is guided by a fiduciary principle that requires each director to act honestly and in good faith with a view to the best interests of the Corporation. In exercising their powers and discharging their duties, every director must exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. These principles require a director to put the Corporation’s interests first, avoid conflicts of interest and avoid exploiting business opportunities of the Corporation for self-interested purposes. This mandate is not intended to expand upon the standards of conduct prescribed under statutory or regulatory requirements for directors of a corporation.

The Board may designate the officers of the Corporation, specify their duties and delegate to them powers to manage the day to day business and affairs of the Corporation. In addition, the Board discharges its responsibilities through standing committees such as the Audit Committee and the Compensation and Corporate Governance Committee and may also periodically form special committees to address specific issues of a more short-term nature. The duties and responsibilities delegated to standing committees of the board are prescribed in the charters for such standing committees.

Additionally, absent actual knowledge to the contrary, the Board shall be entitled to rely on (i) the integrity of those persons or organizations within or outside the Corporation from which it receives information, (ii) the accuracy of the financial and other information provided by such persons or organizations, and (iii) representations made by management and such persons or organizations in relation to any services provided by such persons or organizations to the Corporation and its subsidiaries.

#### **Meetings**

The Board shall meet at least four times annually, or more frequently, as circumstances dictate. In addition, the Board shall hold separate, regularly scheduled meetings of independent directors at which members of management are not present.

#### **Position Descriptions**

The Board shall develop clear position descriptions for directors, including the Chair of the Board and the Chair of each Board committee. Additionally, the Board, together with the Chief Executive Officer (“CEO”), shall develop a clear position description for the CEO, which includes defining management’s responsibilities. The Board shall also develop or approve the corporate goals and objectives that the CEO is responsible for meeting.

#### **Responsibilities**

The Board is elected by the shareholders and represents all shareholders’ interests in continuously creating shareholder value. The responsibilities of the Board include the following:

- Advocate and support the best interests of the Corporation.
- Review and approve strategic, business and capital plans for the Corporation and monitor management’s execution of such plans.



- Review whether specific and relevant corporate measurements are developed and adequate controls and information systems are in place with regard to business performance.
- Review the principal risks of the Corporation's business and pursue the implementation by management of appropriate systems to manage such risks.
- Monitor progress and efficiency of strategic, business and capital plans and require appropriate action to be taken when performance falls short of goals.
- Review measures implemented and maintained by the Corporation to ensure compliance with statutory and regulatory requirements.
- Select, evaluate and compensate the CEO.
- Annually review appropriate senior management compensation programs.
- Monitor the practices of management against the Corporation's disclosure policy to ensure appropriate and timely communication to shareholders of material information concerning the Corporation.
- Monitor safety and environmental programs.
- Monitor the development and implementation of programs for management succession and development.
- Approve selection criteria for new candidates for directorship.
- Provide new directors with a comprehensive orientation and provide all directors with continuing education opportunities.
- Assure shareholders of conformity with applicable statutes, regulations and standards (for example, environmental risks and liabilities and conformity with financial reporting requirements).
- Establish the necessary committees to monitor the Corporation.
- Regularly conduct assessments of the effectiveness of the Board, as well as the effectiveness and contribution of each Board committee and of each individual director.
- Provide advice to and act as a sounding board for the CEO.
- Discharge such other duties as may be required in the good stewardship of the Corporation.

The Board also assumes responsibility for the following approvals:

*Financial Approvals:*

- Strategic plan
- Annual business and capital plans
- Annual financial statements and auditors' report, together with management's discussion and analysis and press release
- Quarterly financial statements, together with management's discussion and analysis and press release
- Budgeted capital expenditures
- Unbudgeted capital expenditures in excess of \$50,000
- Acquisitions/divestitures
- Significant financing or refinancing opportunities

- Dividend policy
- Share re-purchase programs
- Individual operating, real property or capital leases having total commitment in excess of \$100,000

*Human Resources Approvals:*

- Appointment/succession/dismissal of CEO\*
- Compensation of CEO\*
- Executive compensation arrangements and incentive plans\*

*Administration and Compliance Approvals:*

- Appointment of members to the committees of the Board and the chairs of such committees
- Nomination of directors
- Recommendation of auditors to the shareholders\*
- Management information circular and related materials
- Appointment of the Chair of the Board
- Major policies\*

\* Board may delegate to committees