

**TERRAX MINERALS INC.**  
**INFORMATION CIRCULAR**  
**(as at September 13, 2016, unless indicated otherwise)**

**SOLICITATION OF PROXIES**

This Information Circular is provided in connection with the solicitation of proxies by the management of TerraX Minerals Inc. (the “Company”) for use at the annual general meeting of the shareholders of the Company to be held on October 18, 2016 (the “Meeting”), at the time and place and for the purposes set out in the accompanying notice of meeting and at any adjournment thereof. The solicitation will be made by mail and may also be supplemented by telephone or other personal contact to be made without special compensation by directors, officers and employees of the Company. The Company will bear the cost of this solicitation. The Company will not reimburse shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy.

**APPOINTMENT AND REVOCATION OF PROXY**

Registered Shareholders

**Registered shareholders may vote their common shares by attending the Meeting in person or by completing the enclosed proxy.** Registered shareholders should deliver their completed proxies to Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th floor, Toronto, Ontario, M5J 2Y1 (by mail, telephone or internet according to the instructions on the proxy), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, otherwise the shareholder will not be entitled to vote at the Meeting by proxy.

The persons named in the proxy are directors and officers of the Company and are proxyholders nominated by management. **A shareholder has the right to appoint a person other than the nominees of management named in the enclosed instrument of proxy to represent the shareholder at the Meeting. To exercise this right, a shareholder must insert the name of its nominee in the blank space provided. A person appointed as a proxyholder need not be a shareholder of the Company.**

A registered shareholder may revoke a proxy by:

- (a) signing a proxy with a later date and delivering it at the place and within the time noted above;
- (b) signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and delivering it to the registered office of the Company, 1000 – 840 Howe Street, Vancouver, British Columbia, V6Z 2M1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof,
- (c) attending the Meeting or any adjournment thereof and registering with the scrutineer as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked; or
- (d) in any other manner provided by law.

## Beneficial Shareholders

**The information set forth in this section is of significant importance to many shareholders, as many shareholders do not hold their shares in the Company in their own name.** Shareholders holding their shares through banks, trust companies, securities dealers or brokers, trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans or other persons (any one of which is herein referred to as an "Intermediary") or otherwise not in their own name (such shareholders herein referred to as "Beneficial Shareholders") should note that only proxies deposited by shareholders appearing on the records maintained by the Company's transfer agent as registered shareholders will be recognized and allowed to vote at the Meeting. If a shareholder's shares are listed in an account statement provided to the shareholder by a broker, in all likelihood those shares are **not** registered in the shareholder's name and that shareholder is a Beneficial Shareholder. Such shares are most likely registered in the name 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, which acts as nominee for many Canadian brokerage firms. Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the Meeting at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

Regulatory policies require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Beneficial Shareholders have the option of not objecting to their Intermediary disclosing certain ownership information about themselves to the Company (such Beneficial Shareholders are designated as non-objecting beneficial owners, or "NOBOs") or objecting to their Intermediary disclosing ownership information about themselves to the Company (such Beneficial Shareholders are designated as objecting beneficial owners, or "OBOs").

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company has elected to send the notice of meeting, this Information Circular and a request for voting instructions (a "VIF"), instead of a proxy (the notice of Meeting, Information Circular and VIF or proxy are collectively referred to as the "Meeting Materials") directly to the NOBOs and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to OBOs. The Company does not intend to pay for Intermediaries to forward the Meeting materials to OBOs. OBOs will not receive the Meeting Materials unless their Intermediary assumes the cost of delivery.

Meeting Materials sent to Beneficial Shareholders are accompanied by a VIF, instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct the Intermediary (or other registered shareholder) how to vote the Beneficial Shareholder's shares on the Beneficial Shareholder's behalf. For this to occur, it is important that the VIF be completed and returned in accordance with the specific instructions noted on the VIF.

The majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Shareholders to Broadridge Investor Communication Solutions ("Broadridge") in Canada. Broadridge typically prepares a machine-readable VIF, mails these VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, usually by way of mail, the Internet or telephone. Broadridge then tabulates the results of all instructions

received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting by proxies for which Broadridge has solicited voting instructions. A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through an Intermediary, please contact that Intermediary for assistance.

In either case, the purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the shares which they beneficially own. **A Beneficial Shareholder receiving a VIF cannot use that form to vote common shares directly at the Meeting – Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or their nominee the right to attend and vote at the Meeting.

Only registered shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must, at least seven days before the Meeting, arrange for its Intermediary to revoke its VIF on its behalf.

All references to shareholders in this Information Circular and the accompanying instrument of proxy and notice of Meeting are to registered shareholders unless specifically stated otherwise.

The Meeting Materials are being sent to both registered and non-registered owners of the Company's shares. If you are a Beneficial Shareholder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of the Company's securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF.

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

If a shareholder specifies a choice with respect to any matter to be acted upon, the shares represented by proxy will be voted or withheld from voting by the proxy holder in accordance with those instructions on any ballot that may be called for. In the enclosed form of proxy, in the absence of any instructions in the proxy, it is intended that such shares will be voted by the proxyholder, if a nominee of management, in favour of the motions proposed to be made at the meeting as stated under the headings in the notice of meeting accompanying this Information Circular. If any amendments or variations to such matters, or any other matters, are properly brought before the Meeting, the proxyholder, if a nominee of management, will exercise its discretion and vote on such matters in accordance with its best judgment.

The instrument of proxy enclosed, in the absence of any instructions in the proxy, also confers discretionary authority on any proxyholder other than the nominees of management named in the instrument of proxy with respect to the matters identified herein, amendments or variations to those matters, or any other matters which may properly be brought before the Meeting. To enable a proxyholder to exercise its discretionary authority a shareholder must strike out the names of the nominees of management in the enclosed instrument of proxy and insert the name of its nominee in the space provided, and not specify a choice with respect to the matters to be

acted upon. This will enable the proxyholder to exercise its discretion and vote on such matters in accordance with its best judgment.

At the time of printing this Information Circular, management of the Company is not aware that any amendments or variations to existing matters or new matters are to be presented for action at the Meeting.

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

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors:

- (a) each person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year;
- (b) each proposed nominee for election as a director of the Company; and
- (c) each associate or affiliate of any of the foregoing.

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

The authorized capital of the Company consists of an unlimited number of common shares. On September 13, 2016 (the "Record Date"), the Company had 99,201,748 common shares outstanding. All common shares in the capital of the Company are of the same class and each carries the right to one vote. Only those shareholders of record on the Record Date are entitled to attend and vote at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of the date of this Information Circular, there are no persons that beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the common shares of the Company other than CDS & Co. which is the registered holder of 84,833,680 common shares representing 85.52% of the issued and outstanding common shares. Osisko Gold Royalties Ltd ("Osisko") is the registered holder of 11,248,927 shares for total beneficial ownership of 11.34% of the issued and outstanding common shares.

### **ELECTION OF DIRECTORS**

The board of directors of the Company (the "Board") currently consists of five (5) directors, all of whom are elected annually. The term of office for each of the present directors of the Company expires at the Meeting. It is proposed that the number of directors to be elected at the Meeting, for the ensuing year, be fixed at five (5). At the Meeting, the shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting, at five (5).

The directors of the Company are elected annually and hold office until the next annual general meeting of the Shareholders or until their successors are elected. The management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. **In the absence of instructions to the contrary, proxies given pursuant to the solicitation by the management of the Company will be voted FOR the nominees listed in this Information Circular.** Management does not contemplate that any of such nominees will be unable to serve as directors; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in his proxy**

**that his shares are to be withheld from voting in the election of directors.** Each director elected will hold office until the next annual Meeting of Shareholders or until his successor is duly elected, unless his office is earlier vacated in accordance with the Articles of the Company.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company and its subsidiaries which each beneficially owns directly or indirectly or over which control or direction is exercised as of the date of the notice of meeting:

<b>Name, jurisdiction of residence and office held</b>	<b>Principal occupation in the last five years</b>	<b>Director since</b>	<b>Number of common shares beneficially owned</b>
Joseph Campbell Ottawa, Ontario <i>President, Chief Executive Officer and Director</i>	President, GeoVector Management Inc., a geological consulting services firm.	August 2007	529,500 direct 1,137,500 indirect <sup>(2)</sup>
Stuart Rogers <sup>(1)</sup> Coquitlam, British Columbia <i>Chief Financial Officer and Director</i>	President, West Oak Capital Group, Inc., a financial management and consultancy firm.	August 2007	765,000 direct 437,500 indirect <sup>(3)</sup>
Thomas Setterfield Ottawa, Ontario <i>Director</i>	Consulting geologist, GeoVector Management Inc., a geological consulting services firm.	August 2007	529,500 direct 1,137,500 indirect <sup>(2)</sup>
Paul Reynolds <sup>(1)</sup> Vancouver, British Columbia <i>Director</i>	Professional Geologist President, Westview Consulting Ltd. President, Northern Freegold Resources Ltd.	January 2008	1,115,500 direct
Elif Lévesque, CPA <sup>(1)</sup> Montréal, Québec <i>Director</i>	Chief Financial Officer and Vice President Finance, Osisko Gold Royalties Ltd. Vice President and Controller, Osisko Mining Corporation	September 2, 2015	Nil

(1) Members of the audit committee.

(2) These common shares are held indirectly by Geovector Management Inc. Mr. Setterfield and Mr. Campbell collectively own 50% of the shares of Geovector.

(3) These common shares are held indirectly by West Oak Capital Group, Inc., a private company wholly-owned by Stuart Rogers.

The above information, including information as to common shares beneficially owned, has been provided by the respective directors individually.

Other than as set out below with respect to Stuart Rogers, no proposed director of the Company

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
  - (i) was the subject:
    - (A) of a cease trade order;
    - (B) an order similar to a cease trade order; or
    - (C) an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days,  
  
while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to:
    - (A) a cease trade order;
    - (B) an order similar to a cease trade order; or
    - (C) an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days,  
  
after the proposed director was acting in the capacity as 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, other than:  
  
Mr. Rogers was an officer of Randsburg International Gold Corp. ("Randsburg"), which was issued a cease trade order by the British Columbia Securities Commission (the "BCSC") on August 9, 2006 for failing to file a technical report on certain of its properties. The cease trade order was rescinded by the BCSC on April 25, 2007 upon the filing of a revised technical report by Randsburg. The TSX Venture Exchange ("TSXV") reinstated trading of Randsburg's common shares on May 15, 2007;
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information 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;
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or

- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### ***Interpretation***

“Named executive officer” (“NEO”) means:

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

The NEOs who are the subject of this Compensation Discussion and Analysis are Joseph Campbell (CEO) and Stuart Rogers (CFO).

#### ***Compensation Program Objectives***

The objectives of the Company’s executive compensation program are as follows:

- to attract, retain and motivate talented executives who create and sustain the Company’s continued success;
- to align the interests of the Company’s executives with the interests of the Company’s shareholders; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

Overall, the executive compensation program aims to design executive compensation packages that meet executive compensation packages for executives with similar talents, qualifications and responsibilities at companies with similar financial, operating and industrial characteristics. The Company is a junior mineral exploration company involved in exploration and development of early-stage mineral properties and will not be generating significant revenues from operations for a significant period of time. As a result, the use of traditional performance standards, such as corporate profitability, is not considered by the Company to be appropriate in the evaluation of the performance of the NEOs.

### ***Purpose of the Compensation Program***

The Company's executive compensation program has been designed to reward executives for reinforcing the Company's business objectives and values, for achieving the Company's performance objectives and for their individual performances.

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

The executive compensation program consists of a combination of base salary and consulting fees, performance bonus and stock option incentives.

### ***Purpose of Each Element of the Executive Compensation Program***

The base salary or consulting fee of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

In addition to a base salary or consulting fee, each NEO is eligible to receive a performance-based bonus meant to motivate the NEO to achieve short-term goals. The pre-established, quantitative target(s) used to determine performance bonuses are set each fiscal year. Awards under this plan are made by way of cash payments only, which payment are made at the end of the fiscal year.

Stock options are generally awarded to NEOs on an annual basis based on performance measured against set objectives. The granting of stock options upon hire aligns NEOs' rewards with an increase in shareholder value over the long term. The use of stock options encourages and rewards performance by aligning an increase in each NEO's compensation with increases in the Company's performance and in the value of the shareholders' investments.

### ***Determination of the Amount of Each Element of the Executive Compensation Program, Compensation Risk and Compensation Governance***

Compensation of the NEOs of the Company is reviewed annually by the Board of Directors of the Company (the "Board"), which approves the compensation of the NEOs. The Company does not presently have a compensation committee and the Company has not retained any compensation advisor or compensation consultant in respect of its compensation policies.

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

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

The other two elements of compensation, base salary or consulting fee and performance bonuses, represent the remaining portion of an executive's total compensation. While none of salary, consulting fees or bonuses are "long term" or "at risk", as noted above, these components of compensation are not anticipated to form a significant part of total compensation and as a result it is unlikely that an executive would take inappropriate or excessive risks at the expense of the Company and its shareholders that would be beneficial to them from the standpoint of their short term compensation when their long term compensation might be put at risk from their actions.

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

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

#### *Consulting Fees or Base Salary*

The Company has entered into management consulting agreements with each of its NEOs. The agreements are each for a one year term and were automatically renewed on April 27, 2016. The agreements are subject to automatic renewal on the same terms unless either party elects not to renew the agreement. The Company intends to review the terms of the consulting agreements on an annual basis. The consulting fees for NEOs are set having regard to the individual's job responsibilities, contribution, experience and proven or expected performance, as well as to market conditions. In setting base compensation levels, consideration is to be given to such factors as level of responsibility, experience and expertise. Subjective factors such as leadership, commitment and attitude are also to be considered. The Company has not established performance goals for its NEOs.

#### *Performance Bonuses*

Given the size and nature of the Company's operations, the Company does not offer the NEOs performance bonuses.

#### *Stock Options*

The Company has established the Plan under which stock options are granted to directors, officers, employees and consultants as an incentive to serve the Company in attaining its goal of improved shareholder value. The Board determines which NEOs (and other persons) are entitled to participate in the Plan; determines the number of options granted to such individuals; and determines the date on which each option is granted and the corresponding exercise price. Under the Plan, the Company may issue options equal to 20% of the outstanding common shares on the date of approval of the Plan. The Plan was approved by Shareholders of the Company on October 14, 2015 and 13,482,545 common shares are currently reserved under the Plan.

The Board makes these determinations subject to the provisions of the Plan and, where applicable, the policies of the TSXV.

Previous grants of option-based awards are taken into account when considering new grants.

### **Link to Overall Compensation Objectives**

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program. The granting of stock options, has been designed to provide total compensation which the Board believes is competitive with that paid by other companies of comparable size engaged in similar business in appropriate regions.

### **Summary Compensation Table**

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Company and its subsidiaries for services in all capacities to the Company during the three most recently completed financial years ended January 31:

<b>Name and principal position</b>	<b>Year</b>	<b>Salary (\$)</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 compensation (\$)</b>
					<b>Annual incentive plans</b>	<b>Long-term incentive plans</b>			
<b>Joseph Campbell CEO</b>	2016	Nil	Nil	Nil	--	--	--	Nil <sup>(3)</sup>	Nil
	2015	Nil	Nil	\$126,038 <sup>(2)</sup>	--	--	--	Nil <sup>(3)</sup>	\$126,038
	2014	Nil	Nil	\$34,159 <sup>(1)</sup>	--	--	--	Nil	\$34,159
<b>Stuart Rogers CFO</b>	2016	Nil	Nil	Nil	--	--	--	\$72,000 <sup>(3)</sup>	\$72,000
	2015	Nil	Nil	\$126,038 <sup>(2)</sup>	--	--	--	\$39,000 <sup>(3)</sup>	\$165,038
	2014	Nil	Nil	\$34,159 <sup>(1)</sup>	--	--	--	\$28,500	\$62,659

- (1) Grant date (accounting) fair value was estimated using the Black-Scholes option pricing formula assuming an expected life of five years, dividend yield of nil, a risk-free interest rate of 1.74% based on the five year Bank of Canada benchmark rate on the date of grant, and an expected volatility of 135.43% calculated based on common share performance for a period for five years prior to the date of grant trading.
- (2) Grant date (accounting) fair value was estimated using the Black-Scholes option pricing formula assuming an expected life of five years, dividend yield of nil, a risk-free interest rate of 1.6% based on the five year Bank of Canada benchmark rate on the date of grant, and an expected volatility of 123.81% calculated based on common share performance for a period for five years prior to the date of grant trading.
- (3) On April 27, 2015, the Company entered into management consulting agreements with each NEO.

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

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year, January 31 2016, to the NEOs of the Company:

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Joseph Campbell <i>CEO</i>	250,000 200,000	\$0.17 \$0.35 <sup>(1)</sup>	June 28, 2018 March 14, 2019	\$22,500 \$Nil	--	--
Stuart Rogers <i>CFO</i>	250,000 200,000	\$0.17 \$0.35 <sup>(1)</sup>	June 28, 2018 March 14, 2019	\$22,500 \$Nil	--	--

(1) On October 14, 2015, the exercise price of these options was amended from \$0.75 to \$0.35.

### Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed financial year:

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Joseph Campbell <i>CEO</i>	--	--	--
Stuart Rogers <i>CFO</i>	--	--	--

### Pension Plan Benefits – Defined Benefits Plan

The Company does not have a Defined Benefits Pension Plan.

### Pension Plan Benefits – Defined Contribution

The Company does not have a Defined Contribution Pension Plan.

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

Each of the NEOs has entered into a consulting agreement which provide that the agreement may be terminated by the NEO within 180 days of a Change of Control Event by providing the Company with 14 days notice in writing. A “Change of Control Event” means the occurrence of any one of the events set out below:

- (a) an acquisition, directly or indirectly, of voting shares of the Company (including securities of the Company which on conversion will become voting shares) by any person or group of persons acting in concert such that such person or group of persons are able for the first time to affect materially the control of management and policies of the Company;
- (b) a merger, amalgamation, or consolidation of the Company with or into another entity, or any other corporate reorganization, if more than 50% of the combined voting power of the continuing or surviving entity’s securities outstanding immediately after are owned by persons who were not stockholders of the Company immediately prior to such merger, amalgamation, consolidation or reorganization;
- (c) the exercise of the voting power of all or any shares of the Company so as to cause or result in the election of a majority of directors of the Company who were not incumbent directors;
- (d) a tender offer, an exchange offer, a take-over bid or any other offer or bid by an entity, person or group of for more than 50% of the issued and outstanding Common Shares; or
- (e) the sale, transfer or disposition by the Company of all or substantially all of the assets of the Company in a transaction that, in the opinion of legal counsel for the Company, constitutes a disposal of the undertaking of the Company and requires the approval, by special resolution, of the shareholders of the Company.

An event will not constitute a Change of Control Event if its sole purpose is to change the jurisdiction of the Company or to create a holding company, partnership or trust that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such event. Additionally, a Change of Control Event will not be deemed to have occurred if the NEO is part of a purchasing group that consummates the Change of Control Event.

If the NEO terminates the agreement within 180 days of a Change of Control Event by providing the requisite notice in writing, or the Company terminates the agreement without cause within 180 days of a Change of Control Event, the Company shall pay to the NEO the pro-rata consulting fees earned by the NEO up to the date of termination, plus 24 months of consulting fees. Assuming the NEO had terminated the agreement as a result of a Change of Control Event on the last day of the Company’s most recent financial year, the NEO would have received an estimated \$144,000 in payments, payables and benefits in the case of Stuart Rogers and \$288,000 in the case of Joseph Campbell.

## Director Compensation

### Director Compensation Table

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Company for the most recently completed financial year ended January 31, 2016:

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)<sup>(1)</sup></b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Thomas Setterfield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Paul Reynolds	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Elif Lévesque	Nil	Nil	\$30,389	Nil	Nil	Nil	\$30,389

- (1) Grant date (accounting) fair value was estimated using the Black-Scholes option pricing formula assuming an expected life of five years, dividend yield of nil, a risk-free interest rate of 0.42% based on the five year Bank of Canada benchmark rate on the date of grant, and an expected volatility of 91.87% calculated based on common share performance for a period for five years prior to the date of grant trading.

### Share-Based Awards, Options-Based Awards and Non-Equity Incentive Plan Compensation

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

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed financial year, January 31 2016, to the directors of the Company:

<b>Name</b>	<b>Option-based Awards</b>				<b>Share-based Awards</b>	
	<b>Number of securities underlying unexercised options (#)</b>	<b>Option exercise price (\$)</b>	<b>Option expiration date</b>	<b>Value of unexercised in-the-money options (\$)</b>	<b>Number of shares or units of shares that have not vested (#)</b>	<b>Market or payout value of share-based awards that have not vested (\$)</b>
Thomas Setterfield	250,000 150,000	\$0.17 \$0.35 <sup>(1)</sup>	June 28, 2018 March 14, 2019	\$22,500 \$Nil	--	--
Paul Reynolds	250,000 100,000	\$0.17 \$0.35 <sup>(1)</sup>	June 28, 2018 March 14, 2019	\$22,500 \$Nil	--	--
Elif Lévesque	250,000	\$0.25	Sept 2, 2017	\$2,500	--	--

- (1) On October 14, 2015, the exercise price of these options was amended from \$0.75 to \$0.35.

**Incentive Plan Awards – Value Vested or Earned During the Most Recently Completed Financial Year**

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Company during the most recently completed financial year ended January 31, 2016:

<b>Name</b>	<b>Option-based awards – Value vested during the year (\$)<sup>(1)</sup></b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Thomas Setterfield	--	--	--
Paul Reynolds	--	--	--
Elif Lévesque	\$30,389 <sup>(1)</sup>	--	--

(1) Grant date (accounting) fair value was estimated using the Black-Scholes option pricing formula assuming an expected life of five years, dividend yield of nil, a risk-free interest rate of 0.42% based on the five year Bank of Canada benchmark rate on the date of grant, and an expected volatility of 91.87% calculated based on common share performance for a period for five years prior to the date of grant.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN**

The following table sets out, as of the end of the most recently completed financial year, all required information with respect to compensation plans under which equity securities of the Company are authorized for issuance:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options (a)</b>	<b>Weighted-average exercise price of outstanding options (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by securityholders <sup>(1)</sup>	5,915,000	\$0.31	7,567,545
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
<b>Total</b>	<b>5,915,000</b>	<b>\$0.31</b>	<b>7,567,545</b>

(1) The Company's incentive stock option plan is a fixed 20% plan.

## CORPORATE GOVERNANCE

### *Board of Directors*

The Board of Directors presently has five directors, three of whom are independent. The definition of independence used by the Company is that used by the Canadian Securities Administrators, which is set out in section 1.4 of National Instrument 52-110 *Audit Committees* ("NI 52-110"). A director is independent if he has no direct or indirect material relationship to the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of the director's independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of NI 52-110.

Thomas Setterfield, Paul Reynolds and Elif Lévesque are considered to be independent directors. Stuart Rogers and Joseph Campbell are not considered to be independent as they are management of the Company.

The Board believes that the principal objective of the Company is to generate economic returns with the goal of maximizing shareholder value, and that this is to be accomplished by the Board through its stewardship of the Company. In fulfilling its stewardship function, the Board's responsibilities will include strategic planning, appointing and overseeing management, succession planning, risk identification and management, environmental oversight, communications with other parties and overseeing financial and corporate issues. Directors are involved in the supervision of management.

Pursuant to the *Business Corporations Act* (British Columbia), directors must declare any interest in a material contract or transaction or a proposed material contract or transaction. Further, the independent members of the Board of Directors meet independently of management members when warranted. During the most recently completed financial year, the Board of Directors met 4 times and all members of the Board were in attendance at each meeting. The independent directors did not meet without the non-independent members of the Board in attendance.

### *Other Directorships*

The directors of the Company are also directors of the following other reporting issuers:

<b>Current Director / Nominee</b>	<b>Other Directorships of other Reporting Issuers</b>
Stuart Rogers	MAX Resources Corp. Elysee Development Corp.
Joseph Campbell	Laurion Mineral Exploration Inc. Northern Freegold Resources Ltd.
Paul Reynolds	Northern Freegold Resources Ltd. Azincourt Resources Inc. Cairo Resources Inc.

### *Orientation and Continuing Education*

The Company has not yet developed an official orientation or training program for directors. If and when new directors are added, however, they have the opportunity to become familiar with

the Company by meeting with other directors and with officers and employees of the Company. As each director has a different skill set and professional background, orientation and training activities are and will continue to be tailored to the particular needs and experience of each director. The Company's financial and legal advisers are also available to the Company's directors.

### *Code of Ethics*

The Board has adopted a Code of Ethics (the "Code") which applies to all directors, officers, employees and consultants of the Company, and prescribes a high standard ethical conduct in all dealings related to the affairs of the Company.

The Code provides basic guidelines setting forth the ethical behavior expected from every employee of the Company with respect to the use of Company time and assets, protection of confidential information, conflicts of interest, trading in the Company's securities and other matters. Every employee of the Company is subject to the Code and will be requested to sign a form acknowledging that he understands its contents and agrees to be bound by its provisions.

In summary, all employees must:

- follow applicable laws and regulations wherever the Company does business;
- work safely, in accordance with regulatory and other industry standards;
- treat everyone fairly and equitably: customers, suppliers, other employees, Company stakeholders and third parties dealing with the Company;
- refrain from speaking publicly on Company matters, unless authorized;
- refrain from trading on, and "tipping" others on, confidential information;
- respect the confidential nature of the information to which they may have access and refrain from sharing same, except on a need-to-know basis;
- always perform their duties in the best interests of the Company;
- avoid conflicts of interest, both real and perceived;
- be honest and act with integrity;
- handle Company assets with care and refrain from using same and Company time for personal purposes;
- respect the right of all employees to fair treatment and equal opportunity;
- respect the right of all employees to a working environment free from discrimination or harassment of any sort;
- act in a respectful and professional manner with other employees;
- refrain from inappropriately influencing the political process;
- work in an environmentally responsible manner;
- respect the cultures and rights of communities where the Company operates its business;
- ensure that all transactions are handled honestly and recorded accurately; and
- report any violation to this Code.

A copy of the Code is available from the Company's offices. In the Board's regular meetings, the Board considers the Company's operations and business activities in light of the Code. The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity.

#### *Whistle-Blowing Policy*

The Board has also adopted a Whistle-Blowing Policy (the "WB Policy") which applies to all directors, officers, employees and consultants of the Company. The aim of the WB Policy is to ensure that the Company provides a mechanism by which it may be informed of dishonest, fraudulent, unacceptable behaviour, conduct and practices made by its directors, officers, consultants and employees regarding accounting, internal accounting controls or auditing or related matters (a "Questionable Event"). The Company expects its directors, officers, employees and consultants to feel confident about disclosing and reporting on any concerns they may have about any Questionable Event they are aware of. The WB Policy is structured as a formal tool to allow the receipt, retention and treatment of complaints, denunciations, warnings and any form of notice by any director, officer, employee or consultant of the Company regarding a Questionable Event.

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

The Company does not have a formal process or committee for proposing new nominees for election to the Board of Directors. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members.

#### ***Compensation***

The Board has not established a Compensation Committee. The Board as a whole is responsible for reviewing the adequacy and form of compensation paid to the Company's executives and key employees, and ensuring that such compensation realistically reflects the responsibilities and risks of such positions. In fulfilling its responsibilities, the Board evaluates the performance of the chief executive officer and other senior management in light of corporate goals and objectives, and makes recommendations with respect to compensation levels based on such evaluations.

#### ***Other Board Committees***

The Board has not established any committees other than the Audit Committee.

#### ***Assessments***

There is no formal committee with the responsibility for assessing the effectiveness of the Board of Directors as whole. The Board as a group regularly reviews its performance and assesses the effectiveness of the Board as a whole.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

#### ***General***

The Audit Committee is a standing committee of the Board, the primary function of which is to assist the Board in fulfilling its financial oversight responsibilities, which will include monitoring the quality and integrity of the Company's financial statements and the independence and performance of the Company's external auditor, acting as a liaison between the Board and the Company's external auditor, reviewing the financial information that will be publicly disclosed

and reviewing all audit processes and the systems of internal controls management and the Board have established.

### **Audit Committee Charter**

The Board has adopted an Audit Committee Charter, which sets out the Audit Committee's mandate, organization, powers and responsibilities. The Audit Committee Charter is attached as Schedule "A" to this Information Circular.

### **Composition**

As the shares of the Company are listed on the TSXV, it is categorized as a venture issuer. As a result, the Company is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) of NI 52-110.

The Audit Committee consists of the following three (3) directors. Also indicated is whether they are "independent" and "financially literate".

<b>Name of Member</b>	<b>Independent <sup>(1)</sup></b>	<b>Financially Literate <sup>(2)</sup></b>
Stuart Rogers	No	Yes
Paul Reynolds	Yes	Yes
Elif Lévesque, CPA	Yes	Yes

(1) A member of the Audit Committee is independent if he has no direct or indirect "material relationship" with the Company. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment. An executive officer of the Company, such as the President, is deemed to have a material relationship with the Company.

(2) A member of the Audit Committee is financially literate if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### **Relevant Education and Experience**

All of the members of the Corporation's audit committee have gained their education and experience by participating in the management of private and publicly traded companies and all members are "financially literate", meaning that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can be reasonably expected to be raised by the Corporation's financial statements.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services, however, as provided for in NI 52-110 the Audit Committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries, unless otherwise permitted by NI 52-110.

### **External Auditor Service Fees (By Category)**

<b>Financial Year Ending</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees <sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees <sup>(4)</sup></b>
January 31, 2016	\$24,480	n/a	\$1,350	\$1,750
January 31, 2015	\$21,420	n/a	\$1,350	n/a

- (1) The aggregate fees billed by the Company's auditor for audit fees.
- (2) The aggregate fees billed for assurance and related services by the Company's auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the "Audit Fees" column.
- (3) The aggregate fees billed for professional services rendered by the Company's auditor for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

### **Exemption**

Pursuant to section 6.1 of NI 52-110, the Company is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110 because it is a venture issuer.

### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

None of the directors or executive officers of the Company or any subsidiary thereof, has more than "routine indebtedness" to the Company or any subsidiary thereof.

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

Unless otherwise disclosed herein, no informed person or proposed nominee for election as a director, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Company's most recently completed financial year, which has materially affected or will materially affect the Company or any of its subsidiaries, other than as disclosed by the Company during the course of the year or as disclosed herein.

### **APPOINTMENT OF AUDITOR**

The management of the Company intends to nominate Dale Matheson Carr-Hilton Labonte LLP of Vancouver, British Columbia for appointment as auditors of the Company. Forms of proxy given pursuant to the solicitation of the management of the Company, will, on any poll, be voted as directed and, if there is no direction, be voted for the appointment of Dale Matheson Carr-Hilton Labonte LLP of Vancouver, British Columbia at a remuneration to be fixed by the directors. Dale Matheson Carr-Hilton Labonte LLP were first appointed auditors of the Company on for the year-ended January 31, 2008.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### ***Stock Option Plan***

The Company wishes to approve the 2016 Incentive Stock Option Plan (the “Plan”) for directors, officers, employees and consultants of the Company.

The number of shares issuable under the Plan will be the number that is equal to 20% of the issued and outstanding shares of the Company on the date of the Meeting. The number of shares currently issuable under the Plan is 13,482,545, being 20% of the issued and outstanding shares of the Company as of October 14, 2015.

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

Under the Plan, the Board may from time to time grant to directors, officers, employees and consultants of the Company, as the Board shall designate, options to purchase from the Company such number of its common shares as the Board shall designate. Some of the significant terms of the Plan are as follows:

1. The Company must obtain disinterested shareholder approval if the plan, together with any previous plans, could result at any time in the grant to Insiders (as defined in the Plan), within a 12 month period, a number of options exceeding 10% of the issued shares of the Company.
2. The total number of common shares to be reserved for issuance over the previous one year period for any optionee shall not exceed 5% of the issued common shares of the Company at the time of grant and the total number of common shares that may be reserved for issuance over the previous 12 month period for individuals engaged in an investor relations capacity shall not exceed 2% of the issued common shares of the Company at the time of grant. In addition, the total number of common shares to be reserved for issuance over the previous 12 month period for any one consultant, shall not exceed 2% of the issued common shares of the Company at the time of grant.
3. While the Company’s common shares are listed on the TSXV, the purchase price per common share for any option granted under the Plan shall not be less than the market price of the Company’s common shares less any applicable discount in accordance with the policies of the TSXV.
4. Options granted must expire not later than a maximum of five years from the date of the grant.
5. The Company shall have the authority to deduct and withhold, or require the optionee to remit to the Company, the amount of any taxes or other required source deductions which the Company is required by law or regulation of any governmental authority whatsoever to remit in connection with any issuance of shares upon the exercise of options.
6. Options will vest at the discretion of the board of directors.
7. All options granted pursuant to the Plan shall be non-assignable.

Accordingly, the shareholders will be asked at the Meeting to pass an ordinary resolution in the following terms:

RESOLVED, as an ordinary resolution of the shareholders of TerraX Minerals Inc. (“TerraX”), with or without amendment, that:

1. The 2016 Incentive Stock Option Plan as set forth in the Information Circular dated September 13, 2016 be approved and that the Board of Directors of TerraX be authorized in their absolute discretion to establish and administer the 2016 Stock Option Plan in accordance with its terms and conditions;
2. The maximum number of common shares of TerraX reserved for issuance under the 2016 Incentive Stock Option Plan shall be the number equal to 20% of issued and outstanding common shares as at October 18, 2016; and
3. The Board of Directors be authorized on behalf of TerraX to make any amendments to the 2016 Incentive Stock Option Plan from time to time as may, in its discretion, be considered appropriate, provided that such amendments be subject to the approval of all applicable regulatory authorities.

An ordinary resolution requires the approval of a simple majority (50% plus one vote) of the votes cast by those shareholders of the Company, who, being entitled to, vote in person or by proxy at a general meeting of the Company.

**Management of the Company recommends that the shareholders vote in favour of the approval of the Plan, and the persons named in the enclosed form of proxy intend to vote for such approval at the Meeting unless otherwise directed by the shareholders.**

#### **OTHER MATTERS**

It is not known whether any other matters will come before the Meeting, but if any other matters do arise, the persons named in the proxy intend to vote on any poll, in accordance with their best judgment, exercising discretionary authority with respect to amendments or variations of matters ratified in the notice of meeting and other matters which may properly come before the Meeting or any adjournment.

**ADDITIONAL INFORMATION**

Additional information on the Company is available on the internet on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's financial statements and management discussion and analysis which are available on SEDAR. The audited financial statements for the year ending January 31, 2016 together with the auditor's report will be presented at the Meeting. You may request copies of the Company's financial statements and management discussion and analysis by completing the request card included with this Information Circular, in accordance to the instructions therein.

DATED as of September 13, 2016.

BY THE MANAGEMENT OF  
TERRAX MINERALS INC.

*"Stuart Rogers"*

---

Stuart Rogers  
Director, Chief Financial Officer

## **SCHEDULE A AUDIT COMMITTEE CHARTER**

### **MANDATE**

The primary mandate of the audit committee (the “Audit Committee”) of the Board of Directors of the Corporation (the “Board”) is to assist the Board in overseeing the Corporation’s financial reporting and disclosure. This oversight includes:

- a) reviewing the financial statements and financial disclosure that is provided to shareholders and disseminated to the public;
- b) reviewing the systems of internal controls to ensure integrity in the financial reporting of the Corporation; and
- c) monitoring the independence and performance of the Corporation’s external auditors and reporting directly to the Board on the work of the external auditors.

### **COMPOSITION AND ORGANIZATION OF THE COMMITTEE**

1. The Audit Committee must have at least three directors.
2. The majority of the Audit Committee members must be independent. A member of the Audit Committee is independent if the member has no direct or indirect material relationship with an issuer. A material relationship means a relationship which could, in the view of the issuer’s board of directors, reasonably interfere with the exercise of a member’s independent judgment.<sup>1</sup>
3. Every Audit Committee member must be financially literate. Financial literacy is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer’s financial statements.<sup>2</sup>
4. The Board will appoint from themselves the members of the Audit Committee on an annual basis for one year terms. Members may serve for consecutive terms.
5. The Board will also appoint a chair of the Audit Committee (the “Chair of the Audit Committee”) for a one year term. The Chair of the Audit Committee may serve as the chair of the committee for any number of consecutive terms.
6. A member of the Audit Committee may be removed or replaced at any time by the Board. The Board will fill any vacancies in the Audit Committee by appointment from among members of the Board.

### **MEETINGS**

1. The Audit Committee will meet at least four (4) times per year. Special meetings may be called by the Chair of the Audit Committee as required.
2. Quorum for a meeting of the Audit Committee will be two (2) members in attendance.

---

<sup>1</sup> National Instrument 52-110 *Audit Committees* section 1.4

<sup>2</sup> National Instrument 52-110 *Audit Committees* section 1.5

3. Members may attend meetings of the Audit Committee by teleconference, videoconference, or by similar communication equipment by means of which all persons participating in the meeting can communicate with each other.
4. The Audit Committee Chair will set the agenda for each meeting, after consulting with management and the external auditor. Agenda materials such as draft financial statements must be circulated to Audit Committee members for members to have a reasonable time to review the materials prior to the meeting.
5. Minutes of the Audit Committee meetings will be accurately recorded, with such minutes recording the decisions reached by the committee. Minutes of each meeting must be distributed to members of the Board, the Chief Executive Officer, the Chief Financial Officer and the external auditor.

### ***RESPONSIBILITIES OF THE COMMITTEE***

The Audit Committee will perform the following duties:

#### **External Auditor**

- a) select, evaluate and recommend to the Board, for shareholder approval, the external auditor to examine the Corporation's accounts, controls and financial statements;
- b) evaluate, prior to the annual audit by external auditors, the scope and general extent of their review, including their engagement letter, and the compensation to be paid to the external auditors and recommend such payment to the Board;
- c) obtain written confirmation from the external auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs;
- d) recommend to the Board, if necessary, the replacement of the external auditor;
- e) meet at least annually with the external auditors, independent of management, and report to the Board on such meetings;
- f) pre-approve any non-audit services to be provided to the Corporation by the external auditor and the fees for those services;

#### **Financial Statements and Financial Information**

- g) review and discuss with management and the external auditor the annual audited financial statements of the Corporation and recommend their approval by the Board;
- h) review and discuss with management, the quarterly financial statements and recommend their approval by the Board;
- i) review and recommend to the Board for approval the financial content of the annual report;
- j) review the process for the certification of financial statements by the Chief Executive Officer and Chief Financial Officer;
- k) review the Corporation's management discussion and analysis, annual and interim earnings or financial disclosure press releases, and audit committee reports before the

Corporation publicly discloses this information;

- l) review annually with external auditors, the Corporation's accounting principles and the reasonableness of managements judgments and estimates as applied in its financial reporting;
- m) review and consider any significant reports and recommendations issued by the external auditor, together with management's response, and the extent to which recommendations made by the external auditors have been implemented;

#### **Risk Management, Internal Controls and Information Systems**

- n) review with the external auditors and with management, the general policies and procedures used by the Corporation with respect to internal accounting and financial controls;
- o) review adequacy of security of information, information systems and recovery plans;
- p) review management plans regarding any changes in accounting practices or policies and the financial impact thereof;
- q) review with the external auditors and, if necessary, legal counsel, any litigation, claim or contingency, including tax assessments, that could have a material effect upon the financial position of the Corporation and the manner in which these matters are being disclosed in the financial statements;
- r) discuss with management and the external auditor correspondence with regulators, employee complaints, or published reports that raise material issues regarding the Corporation's financial statements or disclosure;
- s) assisting management to identify the Corporation's principal business risks;
- t) review the Corporation's insurance, including directors' and officers' coverage, and provide recommendations to the Board;

#### **Other**

- u) review Corporation loans to employees/consultants; and
- v) conduct special reviews and/or other assignments from time to time as requested by the Board.

#### ***PROCESS FOR HANDLING COMPLAINTS REGARDING FINANCIAL MATTERS***

The Audit Committee shall establish a procedure for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, financial reporting, or auditing matters.

The Audit Committee shall ensure that any procedure for receiving complaints regarding accounting, internal controls, financial reporting, or auditing matters will allow the confidential and anonymous submission of concerns by employees.

**REPORTING**

The Audit Committee will report to the Board on:

- a) the external auditor's independence;
- b) the performance of the external auditor and the Audit Committee's recommendations;
- c) regarding the reappointment or termination of the external auditor;
- d) the adequacy of the Corporation's internal controls and disclosure controls;
- e) the Audit Committee's review of the annual and interim financial statements;
- f) the Audit Committee's review of the annual and interim management discussion and analysis;
- g) the Corporation's compliance with legal and regulatory matters to the extent they affect the financial statements of the Corporation; and
- h) all other material matters dealt with by the Audit Committee.

**AUTHORITY OF THE COMMITTEE**

The Audit Committee will have the resources and authority appropriate to discharge its duties and responsibilities. The Audit Committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation without approval of management.

The external auditor will report directly to the Audit Committee.