



# ALTIUS MINERALS CORPORATION

(the “Corporation”)

Notice and Management Information Circular

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for the Annual and Special Meeting to be held on Friday, September 15, 2017

August 9, 2017





# ALTIUS MINERALS CORPORATION

## ALTIUS MINERALS CORPORATION NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS September 15, 2017

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the “**Meeting**”) of the holders of common shares (“**Common Shares**”) of Altius Minerals Corporation (“**Altius**” or the “**Corporation**”) will be held at The Rooms, 9 Bonaventure Avenue, St. John’s, NL at 4:00 PM (NLT) on Friday, September 15, 2017, for the following purposes:

- 1. to receive the consolidated financial statements of the Corporation for its financial year ended April 30, 2017, together with the report of the auditors thereon;**
- 2. to appoint the auditors of the Corporation and to authorize the directors to fix the auditors’ remuneration;**
- 3. to elect directors;**
- 4. to approve all unallocated options, rights and other entitlements under the Stock Option Plan; and**
- 5. to transact such other business as may properly be brought before the Meeting or any adjournment(s) or postponement(s) thereof.**

Particulars of the foregoing matters are set forth in the accompanying management information circular (the “**Circular**”). The Corporation has elected to use the notice-and-access provisions under National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 – *Continuous Disclosure Obligations* (collectively, the “**Notice-and-Access Provisions**”) of the Canadian Securities Administrators for this Meeting. The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials that must be physically mailed to shareholders of the Corporation by allowing the Corporation to post the Circular and any additional meeting-related materials online. Shareholders will still receive this Notice of Meeting and a form of proxy and may choose to receive a hard copy of the Circular. Shareholders will receive paper copies of a notice package (the “**Notice Package**”) via prepaid mail containing a notice with information prescribed by the Notice and Access Provisions and a form of proxy (if you are a registered shareholder) or a voting instruction form (if you are a non-registered shareholder), in each case with a supplemental mail list return box for shareholders to request they be included in the Corporation’s supplementary mailing list for receipt of the Corporation’s annual and interim financial statements for the 2017 fiscal year.

Please review the Circular carefully and in full prior to voting in relation to the matters set out above as the Circular has been prepared to help you make an informed decision on such matters. The Circular is available on the website of the Corporation at [www.altiusminerals.com](http://www.altiusminerals.com) and under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). Any shareholder who wishes to receive a paper copy of the Circular, should contact the Corporation’s transfer agent, TSX Trust Company at Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, Fax: (416) 595-9593, Toll-free: 1-866-600-5869. A shareholder may also use the toll-free number noted above to obtain additional information about the Notice-and-Access Provisions.



**DATED** at St. John's, Newfoundland and Labrador, August 9, 2017.

By Order of the Board,



John Baker, Chairman of the Board

**Notes**

- 1. Registered shareholders who are unable to be present in person at the Meeting are requested to sign and return the form of proxy in the envelope provided for that purpose. Any proxy must be deposited at the principal office of TSX Trust Company at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, by facsimile transmission to (416) 595-9593 or on the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com) prior to 4:00 PM (NLT) on Wednesday, September 13, 2017, or at any time not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment or postponement of the Meeting.**
- 2. Only holders of Common Shares of record at the close of business on July 28, 2017 will be entitled to vote at the Meeting, except to the extent that a holder of record has transferred any of such Common Shares after that date and the transferee of such Common Shares establishes proper ownership and requests not later than ten (10) days before the Meeting that the transferee's name be included in the list of shareholders eligible to vote at the Meeting, in which case such shareholder shall be entitled to vote such Common Shares at the Meeting.**
- 3. A shareholder desiring to appoint another proxyholder (who need not be a shareholder of Altius) may do so either by inserting such person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, depositing the completed proxy at the principal office of TSX Trust Company, 200 University Avenue, Suite 300, Toronto, ON M5H 4H1, by facsimile transmission to 1-416-595-9593 or on the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com) prior to 4:00 PM (NLT) on Friday, September 13, 2017, or at any time not less than 48 hours (excluding Saturdays, Sundays, and holidays) before the time of any adjournment or postponement of the Meeting.**
- 4. If you are a non-registered shareholder and have received this Notice and the accompanying Circular from your broker or another intermediary, please complete and return the proxy or voting instruction form provided to you by your broker or other intermediary in accordance with the instructions provided to you.**



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## 1.0 GENERAL

### 1.1 Solicitation of Proxies

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by and on behalf of management of the Corporation for use at the annual and special meeting of holders of Common Shares of the Corporation (the “**Meeting**”) to be held at The Rooms, 7 Bonaventure Avenue, St. John’s, NL at 4:00 PM (NLT) on Friday, September 15, 2017 and at any adjournment or postponement thereof. Proxies must be deposited with TSX Trust Company, 200 University Avenue, Suite 300, Toronto ON M5H 4H1, by facsimile transmission to (416) 595-9593 or on the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com) prior to 4:00 PM (NLT) on Wednesday, September 13, 2017, or at any time not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment or postponement of the Meeting. Shareholders of the Corporation (“**Shareholders**”) of record at the close of business on July 28, 2017 will be entitled to vote at the Meeting, except to the extent that a holder of record has transferred any of such Common Shares after that date and the transferee of such Common Shares establishes proper ownership and requests not later than ten (10) days before the Meeting that the transferee’s name be included in the list of shareholders eligible to vote at the Meeting, in which case such shareholder shall be entitled to vote such Common Shares at the Meeting. The proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by an authorized officer or attorney of the corporation.

**The persons named in the enclosed form of proxy are officers or directors of the Corporation (the “Management Proxyholders”). As a Shareholder you have the right to appoint a person other than the Management Proxyholders, who need not be a Shareholder, to represent you at the Meeting. To exercise this right, you should insert the name of your representative in the blank space provided on the form or submit another appropriate proxy.**

### 1.2 Notice and Access

The “Notice-and-Access Provisions” are those provisions concerning the delivery of proxy-related materials to Shareholders found in section 9.1.1 of National Instrument 51-102 - *Continuous Disclosure Obligations* (“**NI 51-102**”), in the case of registered Shareholders, and section 2.7.1 of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), in the case of non-registered Shareholders, which allow an issuer to deliver a management information circular forming part of its proxy-related materials to Shareholders by certain specified electronic means, provided that the conditions of NI 51-102 and NI 54-101 are met.

The Notice-and-Access Provisions are a mechanism which allows reporting issuers other than investment funds to choose to deliver proxy-related materials to registered shareholders and non-registered shareholders by posting such materials on a non-SEDAR website (usually the reporting issuer’s website and sometimes the transfer agent’s website) rather than delivering such materials by mail. The Notice-and-Access Provisions can be used to deliver materials for both special and general meetings. Reporting issuers may still choose to continue to deliver such materials by mail, and beneficial owners will be entitled to request delivery of a paper copy of the management information circular at the reporting issuer’s expense.

Shareholders will receive paper copies of a notice package (the “**Notice Package**”) via prepaid mail containing a notice with information prescribed by NI 54-101, a letter to Shareholders and a form of proxy (if you are a registered Shareholder) or a voting instruction form (if you are a non-registered Shareholder), in each case with a supplemental mail list return box for Shareholders to request that they be included in the Corporation’s supplementary mailing list for receipt of the Corporation’s annual and interim financial statements.



Shareholders can access the material online at: <http://noticeinsite.tsxtrust.com/AltiusMineralsCorporationASM2017> and also on SEDAR under the Corporation's profile.

Notice and Access details:

Issuer mailing directly to NOBOs: YES

Issuer paying cost of delivery to OBOs: YES

Use of Stratification: NO

Shareholders may obtain a paper copy of this Circular or address any questions about Notice and Access by contacting the Corporation's transfer agent, TSX Trust Company at Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, Fax: (416) 595-9593, Toll-free: 1-866-600-5869. In order to receive paper copies of these materials in time to vote before the Meeting, your request should be received by September 6, 2017.

### **1.3 Voting of Shares – Registered Shareholders**

You are a registered Shareholder if your name appears on your share certificate or on the list of registered Shareholders maintained by the Corporation's transfer agent. If you are a registered Shareholder of Common Shares, the form of proxy will have been included in the Notice Package. If you are a registered Shareholder, you can vote in person at the Meeting or by proxy. Voting by proxy means that you are giving the Management Proxyholders or another proxyholder that you may designate the authority to vote your Common Shares for you at the Meeting or any adjournment or postponement thereof.

#### **1.3.1 How to Vote in Person**

If you intend to be present and vote in person at the Meeting, you do not need to complete or return your form of proxy. Voting in person at the Meeting can revoke any proxy you completed earlier upon your request. At the Meeting, you should see a representative of TSX Trust Company, the Corporation's transfer agent.

#### **1.3.2 How to Vote by Proxy**

If you intend to vote by proxy, you should complete and return the form of proxy provided in the Notice Package in the return envelope provided. The form of proxy must be executed by the registered Shareholder or the attorney of such registered Shareholder.

If you vote by proxy, the Management Proxyholders will vote your Common Shares for you, unless you appoint someone else to be your proxyholder. If you appoint someone else, he or she must be present at the Meeting to vote your Common Shares. This person does not have to be a Shareholder. You may write the name of the person you are appointing in the space provided. Complete your voting instructions and date and sign the form. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting.

If you are voting your Common Shares by proxy, the Corporation's transfer agent, TSX Trust Company, must receive your signed proxy by mail at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, by facsimile at (416) 595-9593 or on the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com), prior to 4:00 PM (NLT) on Wednesday, September 13, 2017, or at any time not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of any adjournment or postponement of the Meeting. Failure to properly complete or deposit a proxy may result in its invalidation.

The Common Shares represented by any proxy received by management will be voted for or against or withheld from voting, as the case may be, by the persons named in the form of proxy in accordance with the direction of the Shareholder appointing them. In the absence of any direction to the contrary, it is intended that the Common Shares represented by proxies received by management will be voted on any



ballot “FOR”: (1) the election of each of the directors referred to in this Circular; (2) the appointment of the auditor of the Corporation and (3) the adoption of the Corporation’s shareholders rights plan. See “Business of the Meeting”.

### **1.3.3 How to Change your Vote**

A registered Shareholder executing the form of proxy may revoke it at any time before it has been exercised by:

- completing a proxy form that is dated later than the proxy form you are revoking and mailing it to TSX Trust Company so that it is received before 5:00 p.m. (NLT) on September 13, 2017;
- sending a revocation notice in writing to the Corporate Secretary of the Corporation at its registered office so that it is received at any time up to and including the last business day before the date of the Meeting. The notice can be from the Shareholder or the authorized attorney of such Shareholder; or
- attending the Meeting and providing a revocation notice to the chair of the Meeting before any vote in respect of which the proxy has been given.

## **1.4 Voting By Non-Registered Shareholders**

You are a non-registered Shareholder if your bank, trust company, securities dealer, broker or other intermediary holds your Common Shares for you. In that case, you will likely not receive a form of proxy.

If you are a non-registered Shareholder, and the Corporation or its agent has sent the Notice Package directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send the Notice Package to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering the Notice Package to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions delivered to you.

If you are not sure whether you are a registered Shareholder or a non-registered Shareholder, please contact the Corporation’s transfer agent, TSX Trust Company, at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1 or by e-mail at [TMXEInvestorServices@tmx.com](mailto:TMXEInvestorServices@tmx.com).

### **1.4.1 How to Vote by Voting Instruction Form**

Non-registered Shareholders who receive a voting instruction form in the Notice Package should carefully follow the instructions provided to ensure their vote is counted.

Subject to the terms of your voting instruction form, if you do not specify how you want your Common Shares voted, they will be voted “FOR”: (1) the election of each of the directors referred to in this Circular; (2) the appointment of the auditor of the Corporation and (3) the approval of all unallocated options, rights and other entitlements under the Stock Option Plan. See “Business of the Meeting”.

### **1.4.2 How to Vote in Person**

If you are a non-registered Shareholder and wish to vote in person at the Meeting, please write your name in the space provided on the voting instructions provided to you or contact your broker or agent well in advance of the Meeting to determine how you can do so. At the Meeting, you should contact the scrutineer.

### **1.4.3 How to Change your Vote**

A non-registered Shareholder may change or revoke a voting instruction at any time by following the instructions on the voting instruction form in sufficient time prior to the Meeting.



Only registered Shareholders, or the persons they appoint as their proxyholders, are permitted to vote at the Meeting.

## 1.5 Voting Shares and Principal Shareholders

The Corporation is authorized to issue an unlimited number of Common Shares. As at August 2, 2017, 43,208,291 Common Shares were issued and outstanding. As a Shareholder, you are entitled to one vote for each share you own. Under the by-laws of the Corporation, the quorum for the Meeting is Shareholders or duly appointed proxyholders personally present not being less than one in number, and holding or representing by proxy, not less than five percent (5%) of the issued Common Shares. To the knowledge of the directors and senior officers of the Corporation, no corporation or person beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Corporation that have the right to vote in all circumstances.

## 2.0 BUSINESS OF THE MEETING

### 2.1 Receipt of Financial Statements

The audited consolidated financial statements of the Corporation for the financial year ended April 30, 2017, together with the report of the auditors thereon, will be submitted at the Meeting, but no vote thereon is required. These audited consolidated financial statements, together with the Management's Discussion and Analysis thereon, are available on SEDAR at [www.sedar.com](http://www.sedar.com) on the Company's website at [www.altiusminerals.com](http://www.altiusminerals.com).

### 2.2 Appointment and Compensation of Auditors

Management is proposing the re-appointment of the firm of Deloitte LLP, St. John's, NL as auditors, to hold office until the next annual meeting or until their successor is appointed and the authorization of the directors to fix their remuneration. Deloitte LLP has been the Corporation's auditors since August 2006.

Information on compensation paid to the auditors is disclosed in the Corporation's 2017 Annual Information Form for the year ended April 30, 2017, which is available on the Corporation's website at <http://www.altiusminerals.com> and was also filed on SEDAR on June 21, 2017.

**Unless authority is withheld, the Common Shares represented by the accompanying form of proxy will be voted FOR the re-appointment of Deloitte LLP as auditors of the Corporation to hold office until the next annual meeting of Shareholders, and authorizing the directors of the Corporation to fix their remuneration.**

### 2.3 Election of Directors

Directors are elected at each annual meeting of the Shareholders and hold office until the next annual meeting or until their successors are otherwise elected or appointed. The board of directors of the Corporation (the "**Board**") has fixed the number of directors to be elected at the Meeting at eight (8). The Board has adopted a majority voting policy stipulating that any nominee proposed for election as a director who receives, based on the shares voted at the Meeting in person or by proxy, a greater number of shares withheld than shares voted in favour, must promptly tender his or her resignation to the Chairman of the Board, to take effect on acceptance by the Board. The Board will consider the tendered resignation and make a determination, in a timely manner, whether or not to accept it, which decision will be disclosed to the public. The director in question will not participate in any Board or committee of the Board deliberations while the resignation is under consideration.



The Corporation has adopted a by-law requiring advance notice for director nominations (the “**Advance Notice By-Law**”). Shareholders who wish to nominate candidates for election as directors must provide timely notice in writing to the Corporation at its principal offices at Suite 202, Kenmount Business Center, 66 Kenmount Road, St. John’s, NL, A1B 3V7, Canada, attention: Secretary and include the information set forth in the Advance Notice By-Law.

The Advance Notice By-Law requires that notice must be given not less than 30 days and not more than 65 days prior to the date of the relevant meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 40 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. These provisions may preclude Shareholders from making nominations for directors at an annual or special meeting of Shareholders. The Board may, in its sole discretion, waive any requirement of the Advance Notice By-Law. For the purposes of the Advance Notice By-Law “public announcement” means disclosure in a press release reported by a national news service in Canada, or in a document filed by the Corporation for public access under its profile on SEDAR at www.sedar.com.

The following table sets forth for each nominee for election as director: such nominee’s age; such nominee’s place of residence; such nominee’s present principal occupation and principal occupations held in the last five years, if applicable; a brief description of the nominee’s principal directorships; the number of Common Shares, stock options, deferred share units (“**DSUs**”) and restricted share units (“**RSUs**”) held, directly or indirectly, by the nominee; the date the nominee became a director of Altius; such nominee’s current membership on committees of the Board; such nominee’s record of attendance at meetings of the Board and its committees during the 12 months ended April 30, 2017; whether or not the Board has determined such nominee to be independent; and whether the nominee is indebted to the Corporation.

**Unless authority is withheld, the Common Shares represented by the accompanying form of proxy will be voted FOR the election of the nominees specified herein. Management does not contemplate that any of the proposed nominees will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, it is intended that the discretionary power granted by the accompanying form of proxy shall be used by the Management Proxyholders to vote at their discretion for any other person or persons as directors.**

<p><b>Brian Dalton, 44</b>  <i>President and Chief Executive Officer of the Corporation</i>  Newfoundland and Labrador, Canada</p> <p>Committees: N/A</p> <p>Common Shares: 1,329,071<sup>1</sup></p> <p>Options: 98,664</p> <p>DSUs: Nil</p> <p>RSUs: 24,628</p>	<p>An entrepreneur in the mining industry, Brian built a successful group of private mineral exploration and exploration service companies prior to co-founding Altius. In his 20 years at Altius, he has grown the company to an asset base in excess of \$500 million through diligent implementation of the prospect generator/joint venture business model and royalty acquisition/creation. Brian is an active member of various industry organizations and volunteer boards and has been honoured with numerous awards for his entrepreneurial leadership.</p> <p>Board Details:</p> <ul style="list-style-type: none"> <li>• Director since 1997</li> <li>• Meetings attended: <ul style="list-style-type: none"> <li>- Board: 8 of 8</li> </ul> </li> <li>• Non-independent Board Member (President and CEO of the Corporation)</li> <li>• Indebtedness to Corporation: <i>nil</i></li> </ul>
<p><b>John Baker, Q.C., 64</b>  <i>Executive Chairman of the Corporation</i>  Newfoundland and Labrador, Canada</p> <p>Committees: N/A</p>	<p>John was a co-founder of Altius in 1997, has been the Chairman of the Board since 2006 and was appointed as Executive Chairman in June 2014. John was a senior partner in a leading St. John’s law firm until June 2014, where he conducted an extensive and diverse mining, securities, and corporate/commercial practice. He has served</p>

<p>Common Shares: 612,016<sup>2</sup></p> <p>Options: 92,742</p> <p>DSUs: 18,976</p> <p>RSUs: 26,061</p>	<p>on numerous public company and volunteer boards and has received several awards for public service.</p> <p>Board Details:</p> <ul style="list-style-type: none"> <li>• Director since 1997; Chairman since November 2006; Executive Chairman since June 2014</li> <li>• Meetings attended: <ul style="list-style-type: none"> <li>- Board: 8 of 8</li> </ul> </li> <li>• Non-independent Board Member (Executive Chairman of the Corporation)</li> <li>• Indebtedness to Corporation: <i>nil</i></li> </ul>
<p><b>Guy Bentinck, 51</b> <i>Chief Financial Officer of Fairfax Africa Holdings Limited</i> Toronto, Canada</p> <p>Common Shares: nil</p> <p>Options: nil</p> <p>DSUs: nil</p> <p>RSUs: Nil</p>	<p>Guy joined the Altius Board on May 8, 2017 and is currently Chief Financial Officer of Fairfax Africa Holdings Limited, an investment holding company publicly traded on the Toronto Stock Exchange focused on investing in Africa as well as the acting President and CEO of Potash Ridge Corp since 2010. Prior to these roles, Mr. Bentinck served as a consultant to Hamblin Watsa Investment Counsel, a wholly-owned subsidiary of Fairfax Financial Holdings Limited that provides global investment management services to the insurance and reinsurance subsidiaries of Fairfax.</p> <p>Mr. Bentinck has over 20 years of public company experience in the natural resources sector, including President and Chief Executive Officer of Potash Ridge Corporation, Chief Financial Officer and Senior Vice President, Capital Projects at Sherritt International Corporation and Chief Financial Officer of Royal Utilities Income Trust.</p> <p>Mr. Bentinck also worked for 10 years with PricewaterhouseCoopers LLP in corporate finance, restructuring, and audit. Mr. Bentinck holds an M.A. in Accounting from the University of Aberdeen, Scotland and is a Chartered Accountant.</p> <p>Board Details:</p> <ul style="list-style-type: none"> <li>• Director since May 2017;</li> <li>• Meetings attended: N/A</li> <li>• Independent Board Member</li> <li>• Indebtedness to Corporation: <i>nil</i></li> </ul>
<p><b>Andre Gaumond, 55</b></p> <p>Common Shares: 33,000</p> <p>Options: nil</p> <p>DSUs: nil</p> <p>RSUs: Nil</p>	<p>Mr. André Gaumond was Senior Vice President, Northern Development and Director of Osisko Gold Royalties until he retired from his executive position in November 2016. A geological engineer by training, Mr. Gaumond has been recognized by several organizations for his entrepreneurial and geological achievements. Mr. Gaumond was the founder and Chief Executive Officer of Virginia Gold Mines Inc. which discovered the Éléonore deposit, and was later sold to Goldcorp Inc. He continued his geological work in the James Bay area through Virginia Mines Inc. (“Virginia”) which had retained a royalty on Éléonore, and concluded a merger transaction with Osisko in February 2015. He has extensive experience in the strategic development, financing and execution of search programs for new mineral deposits. He has also been recognized for his leadership role in various sustainability initiatives, including the recognition for the creation of Fonds Restor-Action Nunavik. Mr. Gaumond was a nominee to Osisko Board by Virginia as part of the Osisko-Virginia business combination.</p> <p>Mr. Gaumond holds a Bachelor of Geological Engineering from Université Laval and a Master degree in Geological Engineering from École Polytechnique.</p>



<p><b>Fred Mifflin, 58</b>  <i>Vice Chairman, Blair Franklin Capital Partners Inc</i>  Ontario, Canada</p> <p>Committees: Audit*, Compensation, Corporate Governance</p> <p>Common Shares: 41,704</p> <p>Options: nil</p> <p>DSUs: 32,060</p> <p>RSUs: Nil</p>	<p>Fred is a native of Newfoundland and Labrador and is Vice Chairman with Blair Franklin Capital Partners, an independent investment banking firm in Toronto. Prior to his current position, he worked in increasingly senior roles in the international investment banking world, most recently as Vice Chairman and Global Head of Investment and Corporate Banking for BMO Capital Markets Inc., responsible for that firm's business in Canada, the United States, Europe and Asia. He also previously led BMO Capital Markets' metals and mining business.</p> <p>Board Details:</p> <ul style="list-style-type: none"> <li>• Director since 2006; Lead Director, Chair of the Audit Committee, member of the Corporate Governance Committee; and member of the Compensation Committee</li> <li>• Meetings attended: <ul style="list-style-type: none"> <li>- Board: 8 of 8</li> <li>- Audit Committee: 7 of 7</li> <li>- Compensation Committee: 2 of 2</li> <li>- Corporate Governance Committee: 2 of 2</li> </ul> </li> <li>• Independent Board Member</li> <li>• Indebtedness to Corporation: <i>nil</i></li> </ul>
<p><b>Jamie Strauss, 47</b>  <i>Partner, Strauss Partners</i>  London, UK</p> <p>Committees: Compensation*, Corporate Governance</p> <p>Common Shares: 26,490</p> <p>Options: Nil</p> <p>DSUs: 32,060</p> <p>RSUs: Nil</p>	<p>Jamie is currently a partner of mining finance boutique firm, Strauss Partners, based in London, England. Jamie has worked as a stockbroker in the City of London for nearly 30 years, specializing in the corporate resource area, including a term as Managing Director of UK for BMO Capital Markets 2007-2009. He has raised in excess of \$1bn for projects spanning the globe in both the energy and mineral world on behalf of leading institutions in North America, Australia and Europe. He served as a committee member of the Association of Mining Analysts between 2007 and 2011, and is a non-executive director of Gold Standard Ventures and Bacanora Minerals.</p> <p>Board Details:</p> <ul style="list-style-type: none"> <li>• Director since 2010; Chair of the Compensation Committee and member of the Corporate Governance Committee</li> <li>• Meetings attended: <ul style="list-style-type: none"> <li>- Board: 7 of 8</li> <li>- Compensation Committee: 2 of 2</li> <li>- Corporate Governance Committee: 2 of 2</li> </ul> </li> <li>• Independent Board Member</li> <li>• Indebtedness to Corporation: <i>nil</i></li> </ul>
<p><b>Anna Stylianides, 52</b>  <i>Executive Chair of Eco Oro Minerals Corp.,</i>  Vancouver, Canada</p> <p>Committees: Audit, Corporate Governance</p> <p>Common Shares: 44,499</p> <p>Options: Nil</p> <p>DSUs: 9,769</p> <p>RSUs: Nil</p>	<p>Anna joined the Board in 2015 as part of the successful acquisition of Callinan Royalties. Anna has over 20 years of experience in the global capital markets having spent much of her career in investment banking, private equity, and corporate management and restructuring. She began her career in corporate law by joining the firm of Webber Wentzel Attorneys in 1990 after graduating from the University of the Witwatersrand in Johannesburg, South Africa. In 1992 she joined Investec Merchant Bank Limited where she specialized in risk management and gained extensive experience in the areas of corporate finance and structured finance, mergers and acquisitions, structuring, specialized finance and other banking and financial services transactions. She is currently an Executive Director of Eco Oro Minerals Corp. (formerly Greystar Resources) and a Director of Entrée Gold, Sabina Gold &amp; Silver, Capfin Partners, and the Fraser Institute.</p>



	<p>Board Details:</p> <ul style="list-style-type: none"> <li>• Director since 2015; member of the Audit Committee and the Corporate Governance Committee</li> <li>• Meetings attended: <ul style="list-style-type: none"> <li>- Board: 8 of 8</li> <li>- Audit Committee: 7 of 7</li> <li>- Corporate Governance Committee: 2 of 2</li> </ul> </li> <li>• Independent Board Member</li> <li>• Indebtedness to Corporation: <i>nil</i></li> </ul>
<p><b>Donald Warr, FCPA, FCA, 72</b>  <i>Partner, Blackwood &amp; Warr Chartered Accountants</i>  Newfoundland and Labrador, Canada</p> <p>Committees: Audit, Compensation</p> <p>Common Shares: 102,512</p> <p>Options: nil</p> <p>DSUs: 32,060</p> <p>RSUs: Nil</p>	<p>Don has more than 40 years' experience as a Chartered Professional Accountant and actively practices as a partner with the accounting firm, Blackwood and Warr. He is a graduate of Memorial University of Newfoundland and has provided distinguished service to numerous professional associations and community service groups throughout his career. Mr. Warr has served on the Board of Directors of Newfoundland Capital Corporation (NCC-TSX) since 1995. Mr. Warr served as Chief Financial Officer of the Corporation until 2005.</p> <p>Board Details:</p> <ul style="list-style-type: none"> <li>• Director since 2005; Member of the Audit Committee and the Compensation Committee</li> <li>• Meetings attended: <ul style="list-style-type: none"> <li>- Board: 8 of 8</li> <li>- Audit Committee: 7 of 7</li> </ul> </li> <li>• Independent Board Member</li> <li>• Indebtedness to Corporation: <i>nil</i></li> </ul>

#### Notes

\*Denotes Committee Chair.

<sup>1</sup>250,000 Common Shares are held by 10587 Nfld. Ltd., a private Newfoundland corporation, wholly owned by Brian Dalton.

<sup>2</sup>88,104 Common Shares are held by Brightsun Holdings Inc., a private Newfoundland corporation, wholly owned by John Baker.

The information concerning shares beneficially owned, directly or indirectly, is based upon information furnished by the nominees.

As at the date of this Circular, the directors and executive officers of the Corporation as a group beneficially own, directly or indirectly, or exercise control or direction over, an aggregate of 2,432,590 Common Shares representing approximately 5.45% of the issued and outstanding Common Shares.

### **2.3.1 Cease Trade Orders or Bankruptcies**

Except as otherwise disclosed in this Circular, to the knowledge of the Corporation, no proposed director:

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that,
- (i) was subject to 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 a director, chief executive officer or chief financial officer, or
- (b) is, as at the date of this Circular, or has been within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) 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 the 10 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 the assets of the proposed director.

For the purposes of the paragraphs above, order means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) 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.

Brian Dalton and John Baker were directors of Newfoundland and Labrador Refining Corporation (“NLRC”) which, on June 18, 2008, filed a Notice of Intention to Make a Proposal with the Office of the Superintendent of Bankruptcy. On October 17, 2008, NLRC submitted a Proposal to its creditors for a maintenance and care plan for up to 36 months. Under the maintenance and care plan, it was proposed that ongoing costs be kept to a minimum and that all refinery permits would be kept in good standing until such time as its refinery project could be sold or financed when economic conditions improve. In addition, it was proposed that all creditors’ claims would be deferred until the end of the maintenance and care period or until the project obtained financing. On November 20, 2009, the Supreme Court of Newfoundland and Labrador accepted the Proposal and dismissed all further requests for creditors’ claim adjustments for voting purposes. The project did not obtain financing and on July 30, 2014 the Supreme Court of Newfoundland and Labrador ordered the discharge of Ernst & Young Inc. as the trustee under the Proposal. No further proceedings have been taken by creditors to place NLRC into bankruptcy, and the company is currently dormant.

### **2.3.2 Penalties and Sanctions**

No proposed director has been subject to:

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

### **2.3.3 Indemnification and Insurance**

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

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

The following is intended as a brief description of the Corporation’s stock option plan (the “Stock Option Plan”) and is qualified in its entirety by the full text of the Stock Option Plan, which is attached as Schedule “A” to this Circular.

The Stock Option Plan is administered by the Compensation Committee. The Stock Option Plan was instituted to attract and retain officers, employees and service providers of the Corporation and its



subsidiaries (“Participants”) and motivate them to advance the interests of the Corporation by affording them the opportunity to acquire an equity interest in the Corporation. Non-Executive Directors of the Corporation do not participate in the Plan but rather have share based awards via Direct Share Units (“DSUs”).

The Stock Option Plan is a “rolling” plan, which means that the number of options which may be granted pursuant to the Stock Option Plan will increase as the number of issued and outstanding Common Shares of the Corporation increases, including increases in issued Common Shares resulting from the exercise of stock options. The Stock Option Plan provides that the maximum number of Common Shares which may be issued pursuant to stock options granted under the Stock Option Plan, together with any authorized but unissued Common Shares under any previous stock option plan and any other share compensation arrangement of the Corporation, shall not exceed 10% (on a non-diluted basis) of the outstanding Common Shares at any time.

Grants of options under the Stock Option Plan are subject to the following limitations:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to options outstanding at any time may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);
- (b) the aggregate number of Common Shares reserved for issuance pursuant to options granted to any one Participant and pursuant to other share compensation arrangements may not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis);
- (c) the aggregate number of Common Shares reserved for issuance pursuant to options granted to insiders and pursuant to other share compensation arrangements may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);
- (d) the issuance of Common Shares to insiders pursuant to the Stock Option Plan and other share compensation arrangements within a one-year period may not exceed 10% of the outstanding Common Shares (on a non-diluted basis); and
- (e) the issuance of Common Shares to any one insider and such insider’s associates within a one-year period pursuant to the Stock Option Plan and other share compensation arrangements may not exceed 5% of the outstanding Common Shares (on a non-diluted basis).

The Board fixes the exercise price of an option at the time it is granted to a Participant, which in accordance with the rules of the Toronto Stock Exchange (“TSX”), may not be less than the volume weighted average trading price of the Common Shares on the TSX for the five trading days prior to the grant date.

The Board specifies the terms of each option upon its grant, including a term not to exceed ten years, vesting provisions, and any other conditions or limitations (including any applicable hold periods). Options are generally not transferable or assignable, except as may be permitted by the TSX. Each option and all rights thereunder shall expire on its relevant expiry date, subject to earlier termination in accordance with any stock option agreement entered into under the Stock Option Plan. Notwithstanding the foregoing, in the event that a Participant ceases to be a director, officer, employee or service provider of the Corporation or a subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a subsidiary of the employment of the Participant, an option may only then be exercised for a period up to and including the earlier of (i) the expiry date of the option and (ii) the date that is ninety (90) days following the effective date of such notice of resignation or retirement or a date that is ninety (90) days following the date notice of termination of employment is given by the Corporation or a subsidiary.



In the event of a take-over bid, liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, amalgamation, merger or consolidation of the Corporation, the Board may (i) exercise its discretion to permit accelerated vesting of options on such terms as the Board sees fit and (ii) in the event of such accelerated vesting, cause the options to terminate after the end of the period of accelerated vesting on such terms as the Board sees fit.

The Stock Option Plan provides that the Board may amend or discontinue the Stock Option Plan at any time without the consent of the Participants, provided that such amendment shall not alter or impair any Option previously granted under the Stock Option Plan and that such amendment or discontinuance has been approved by the TSX, and where necessary, by shareholders of the Corporation.

As at April 30, 2017, the end of the Corporation's most recent financial year, the aggregate number of Common Shares which were reserved for issuance under the Stock Option Plan was 4,333,565 (representing 10% of the Corporation's outstanding Common Shares at April 30, 2017). As at August 9, 2017, 480,323 options are granted under the Stock Option Plan (representing 1.10% of the Corporation's outstanding Common Shares). A further 3,578,887 Common Shares remain issuable under the Stock Option Plan (representing 8.3% of the Corporation's outstanding Common Shares).

The Stock Option Plan contains a cashless exercise feature that permits a Participant to elect to exercise an option or a portion thereof held by the Participant by surrendering such option or a portion thereof in exchange for the issuance of that number of Common Shares having a fair market value equal to the amount by which (i) the product of the number of Common Shares issuable upon the exercise of such option multiplied by the Market Price of the Common Shares (as at the date of exercise) underlying such option exceeds (ii) the aggregate exercise price for all of the options being exercised. "Market Price" is defined in the Stock Option Plan to be the volume weighted average trading price of the Common Shares on the TSX for the five preceding trading days. Upon the exercise of options in accordance with the foregoing, the number of Common Shares actually issued shall be deducted from the number of Common Shares reserved with the TSX for future issuance under the Stock Option Plan and the balance of the Common Shares that were issuable pursuant to the options so surrendered shall be considered to have been cancelled and available for further issuance.

#### **Approval Sought**

Pursuant to the rules of the TSX, all unallocated options, rights or other entitlements under a security-based compensation arrangement that does not have a fixed maximum number of securities issuable, such as the Stock Option Plan, must be re-approved by a majority of shareholders every three years. Such approval was last obtained from shareholders on September 24, 2014.

Accordingly, Shareholders will be asked at the Meeting to consider and if thought appropriate to pass, with or without variation, an ordinary resolution (the "Stock Option Plan Resolution"), in the form set out below, to approve all unallocated options, rights and other entitlements under the Stock Option Plan.

**"BE IT RESOLVED** as an ordinary resolution that:

- (1) all unallocated options under the Stock Option Plan be and are hereby approved;
- (2) the Corporation have the ability to continue granting options under the Stock Option Plan until September 15, 2020, that is until the date that is three (3) years from the date when shareholder approval is being sought; and
- (3) any director or officer of the Corporation be, and such director or officer of the Corporation hereby is, authorized and empowered, acting for, in the name of and on behalf of the Corporation, to execute or to cause to be executed, under seal of the Corporation or otherwise, and to deliver or cause to be delivered, all such other documents and instruments, and to do or to cause to be done



all such other acts and things, as in the opinion of such director or officer of the Corporation may be necessary or desirable in order to fulfill the intent of the foregoing paragraphs of this resolution.”

**The Board unanimously recommends that shareholders approve the Stock Option Plan Resolution. The representatives of management named in the enclosed form of proxy, if named as proxy-holders, intend to vote for the Stock Option Plan Resolution, unless the shareholder has specified in the form of proxy that his or her shares are to be voted against the Stock Option Plan Resolution.**

## **3.0 STATEMENT OF EXECUTIVE COMPENSATION - COMPENSATION DISCUSSION AND ANALYSIS**

### **3.1 Introduction**

Under applicable securities legislation, the Corporation is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”), and the three most highly compensated executive officers (other than the CEO and CFO) whose total compensation for the most recently completed fiscal year exceeds \$150,000 (together, the Named Executive Officers, or “NEOs”).

This compensation discussion and analysis (“CD&A”) is intended to provide Shareholders with an understanding of Altius’ approach to compensation, including a description of the decisions and processes involved, the different components of the compensation program, what was paid to NEOs for the financial year ended April 30, 2017 and why. The NEOs for the financial year ended April 30, 2017 were:

- Brian Dalton, President & Chief Executive Officer
- John Baker, Executive Chairman
- Ben Lewis, Chief Financial Officer
- Chad Wells, Vice President Corporate Development
- Lawrence Winter, Vice President Exploration

This CD&A also describes and explains the compensation program for Board members.

### **3.2 Role and Composition of the Compensation Committee**

The Board’s current Compensation Committee consists of Jamie Strauss (Chair), Fred Mifflin, and Susan Sherk. The recommendations of the Compensation Committee are presented to the Board for approval.

For the year ended April 30, 2017, none of the members of the Compensation Committee was an officer or employee of Altius or its subsidiaries and each member of the Committee met the Board’s independence standards derived from the corporate governance guidelines established by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”). Biographies for each member of the Committee can be found under section 2.3 of this proxy, with the exception of Susan Sherk who will be retiring from the Board as of the date of the Meeting Altius believes its Compensation Committee members have the knowledge and experience required to perform their duties effectively and make executive compensation decisions in the best interests of the Corporation and its Shareholders.

The purpose of the Compensation Committee is to assist the Board in discharging its oversight responsibilities relating to the attraction, compensation, evaluation and retention of key senior management employees, and in particular the CEO, with the skills and expertise needed to enable the Corporation to



achieve its goals and strategies at fair and competitive compensation and with appropriate performance incentives.

The Compensation Committee is responsible for, among other duties:

- Reviewing and making recommendations to the Board with respect to Altius’ compensation policies and practices;
- Reviewing and approving compensation of the CEO, Executive Chairman, CFO, the Vice President Corporate Development, the Vice President Exploration, Board members and Committee chairs, including the determination of the number of equity-based incentive awards to be granted;
- Overseeing and approving awards under Altius’ incentive awards plans;
- Reviewing and approving corporate and individual performance goals for the CEO and other senior executive officers; and
- Assessing the achievement of corporate and individual performance goals by senior executive officers.

The Compensation Committee generally meets at least twice annually, and more frequently as required, in the absence of management unless their input is required on specific matters. The Committee bases its compensation recommendations on Altius’ established policies, on the ability of each individual to meet established goals as well as the requirements of the job description, and on the performance of the Corporation. The CEO and Executive Chairman provide input to the Compensation Committee with respect to the compensation of their direct reports.

The Committee’s mandate also requires the Committee to evaluate the functioning of the Committee on an annual basis. The Compensation Committee Mandate can be found on the Corporation’s website [www.altiusminerals.com](http://www.altiusminerals.com).

Compensation Committee Meetings held and attendance:

	2017	2016
Jamie Strauss	2	2
Fred Mifflin	2	2
Susan Sherk	2	2

### 3.2.1 Role of Management in Compensation Decisions

The CFO assists the CEO and Executive Chairman in developing and presenting to the Compensation Committee all of management’s recommendations and supporting material pertaining to the compensation of the NEOs and other senior executives. The CEO and Executive Chairman are invited to attend meetings of the Committee when their input is required on specific matters.

### 3.2.2 Appointment and Role of Compensation Consultants

The Committee, through its Charter, is empowered to retain and terminate any external compensation consultant and has the sole authority to approve the relevant fees and terms.

The mandate of the Committee grants it sole authority to retain and terminate legal or other advisors to the Committee, including compensation consultants, as well as sole authority to approve the advisors’ fees and other retention terms. In 2017, the Committee retained Hugessen Consulting Inc. (“**Hugessen**”) to provide independent advice on its proxy compensation disclosure.



### Compensation Consultants Fees

	FY2017	FY2016
Fees paid	nil	\$1,800

### 3.3 Executive Compensation Philosophy

The Corporation's executive compensation philosophy for executives is based on three core principles, namely:

- (i) to provide a compensation package that is commensurate with an entrepreneurial environment, and that encourages and motivates performance;
- (ii) to be competitive with companies of similar size and scope of operations; and
- (iii) to align the interests of its executive officers with the interests of the Corporation and the Shareholders.

The Compensation Plan (the "**Compensation Plan**"), restructured in 2015, is based on pay-for-performance that aligns the interests of senior executives with the long-term interests of Shareholders. It also measures performance over different time horizons to reflect a range of investment/asset profiles, includes retentive aspects for senior executives and is tied to Corporation affordability. The package is competitive with other similar firms, is flexible to better adjust to the Corporation's evolving growth strategies and is calibrated so that superior individual performance by the Corporation and its senior executives results in above-market median compensation and, conversely, under performance results in below-market compensation.

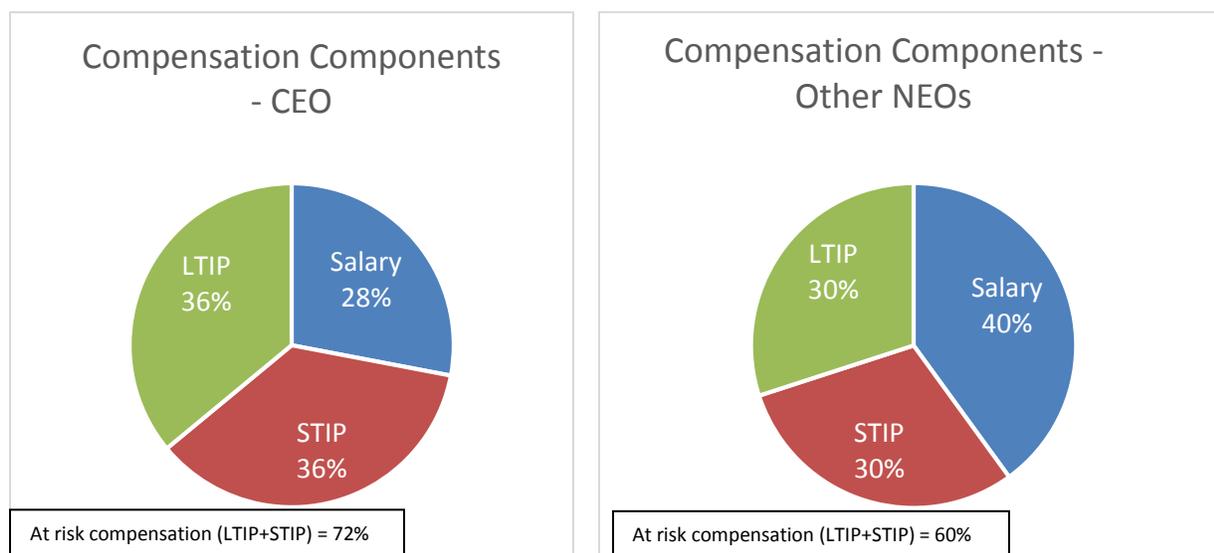
#### *Components of Altius' Executive Compensation Program in Fiscal 2017*

Compensation Component	Objectives	Form
Base salary	Provide fixed compensation reflecting the role, skills, and experience of the executive.	Cash
Short-term Incentive Plan ("STIP")/bonus	Provide a short-term performance-based incentive plan to reward executives to maximize year-by-year profitability and enhance long-term shareholder value	Cash
Long-term Incentive Plan ("LTIP") Stock Option Plan	Provide long-term performance-based compensation linked to increases in the share price, to enhance long-term shareholder value, to better align the interests of executives with those of shareholders and to encourage retention of talented executives	Restricted Share Units (RSUs) and Options

The compensation mix varies by executive level to reflect the impact of more senior roles on overall performance of the Corporation. The base salary portion of executive compensation is fixed while the value of the long-term incentives is performance-based and is at risk.

The pay mix of the primary compensation components for the NEOs in fiscal 2017 is shown in the following chart:





**Notes**

Percentages have been rounded to the nearest whole number.

**3.3.1 Competitive Benchmarking**

In order to attract and retain the leadership it needs Altius seeks to ensure that its executive compensation programs remain competitive with its market. Accordingly, the Compensation Committee periodically undertakes a market review of compensation levels and practices at comparator companies, although it does not attempt to set pay levels at a specific percentile of the pay levels of its comparator group.

**3.3.2 Comparator Group**

During 2016-2017 period, the Committee reviewed the previously agreed Comparator Group and decided it was no longer appropriate. Following a proposal by the Committee to update the Peer Group in order to align the Corporation with comparable businesses, the Board approved the following:

<u>Company</u>	<u>Primary Industry</u>	<u>Headquarters</u>
Anglo Pacific Group	Royalty	United Kingdom
Capstone Mining	Copper Mining	Canada
Franco Nevada Mining	Royalty	Canada
Osisko Royalties	Royalty	Canada
Royal Gold	Royalty	Canada
Sandstorm	Royalty	United States
Trevali Mining	Zinc Mining	Canada
S&P/TSX Global Mining		

**3.3.3 Compensation Risk Management**

- In structuring the Compensation scheme in 2015 the Committee considered the implications of the maximum cost both on a cash and dilution basis under a number of scenarios.
- The Committee believes the culture of the Company, its overall Executive Bonus structure and the goals set do not encourage excessive risk taking.

**3.4 Key Activities Undertaken by the Compensation Committee**

The Compensation Committee is responsible for reviewing and making recommendations to the Board with respect to senior management compensation and succession planning for the CEO and other senior

executives. In keeping with its Charter, the Committee annually reviews the Compensation Plan to determine its appropriateness to changing situations.

- At the start of the year the committee discusses with the CEO and Executive Chairman an appropriate score card of targets which relate to the Company's short, medium and long term corporate strategy. Amongst other items it incorporates a specific "Operating income per share" target based on the annual budget, a set of goals tied to business development, a requirement to pass certain criteria in health, safety & environmental and a requirement that each NEO meets individual pre-set goals.
- In the third quarter, the Chairman of the Committee reviews the scorecard with the Executive Chairman to identify likely outcomes relative to the scorecard, ensure appropriate communication and identify potential issues.
- At the end of the year, following input by management into the grading of the scorecard, the Committee reviews and updates (with input from the CEO/Executive Chairman if required) the scoring, which will then be translated into appropriate rewards for both STIP and LTIP, before asking itself key questions such as appropriateness, total cost to the Corporation, dilution, and any significant sector changes that need to be considered. In the event of using discretion, the Committee will articulate where and why this was used. The Committee will then present its recommendation to the Board.

During 2017 the Committee applied the above structure in establishing compensation. Specifically, the Committee used discretion when considering the impact of the Genesee coal royalty write down. The scorecard already included a requirement for the absence of write-downs on previously acquired assets, and as a result the committee applied a zero mark on the card. In addition, it increased the weighting of this mark to 30% (from 20%) within its category of the card. The Committee also used discretion in deciding that failure to acquire royalty assets during the year was a result of value opportunities not materializing and felt that this goal would not have been in shareholders' interests. Lastly it decided that the Fairfax transaction announced at the end of the year was a positive benefit to shareholders, while acknowledging its results would ultimately be proven through the future use of the new capital. As such, the Committee used its discretion to marginally increase executive bonus payments.

### **3.4.1 Base Salary**

Individual executive salaries are typically set with a view towards offering market-competitive fixed compensation in order to attract and retain leaders with the appropriate skill sets. The Compensation Committee, following discussions with the Executive Chairman and CEO, makes an annual recommendation to the Board for each NEO's base salary, taking into consideration the position of the NEO's salary against salaries for similar roles at comparator companies, the NEO's experience, knowledge and performance, and the NEO's total direct compensation. Automatic annual or inflation-based adjustments to executive salaries are not typically made at Altius.

### **3.4.2 Short-term Incentives**

Under the current Compensation Plan, a target cash bonus consisting of a percentage of the base salary is set for each of the senior executives based on actual performance and measured using an annual scorecard made up of meeting pre-determined objectives within financial, developmental and individual components.

The following table further describes the objectives and the weightings of each component. If annual targets are met, 100% of the target STIP is awarded; if the annual targets are exceeded, the payout increases proportionally up to a maximum threshold of 250% of target.



<b>Component</b>	<b>Measurement and Evaluation Basis</b>
<b>Financial (40% weighting)</b>	Financial performance is determined based on operating income per share, which is an internal measure of actual operating cash flow per share in comparison to the Board approved annual budget. Performance measurement is determined on a graduated scale with 0% payout for 15% below target.
<b>Developmental (40% weighting)</b>	<p>The developmental metric measures non-recurring and recurring activities that lead to sustainability and growth of the Corporation's business that may not be necessarily measurable in immediate financial performance metrics. Categories include project prospecting, asset and financial optimisation, and sustainability, health &amp; safety and environmental objectives. It should be noted that the sustainability, health &amp; safety and environmental objectives are scored on a Pass/Fail metric. Failure would have significant implications to the entire annual bonus although the Committee would use discretion given the circumstances at the time.</p> <p>Each individual objective is weighted by the Committee in terms of relevance and importance to the Corporation as a whole when setting targets.</p> <p>The Compensation Committee sets specific, measurable objectives at the beginning of the fiscal year in conjunction with the CEO and Executive Chairman. At the end of the fiscal year, the Compensation Committee determines actual performance measurement through a review of whether the specific objectives were met and to what degree specific targets are met.</p>
<b>Individual (20% weighting)</b>	Individual performance is evaluated by the Compensation Committee following completion of self-assessment forms and discussions with CEO/Executive Director on leadership, teamwork, individual growth, and commitment to Corporation growth and to good governance. The Executive Chairman's assessment is discussed by the CEO and the Committee and the CEO's assessment is discussed with the Executive Chairman and the Committee.

Commencing in Fiscal 2018, the Compensation Committee has amended the weightings of the component split to accommodate the growing business environment to the following:

Financial	50%
Developmental	40%
Individual	10%

More specifically, the Committee added a component of total shareholder return within the financial metric to measure share performance versus peers.

In addition to the above, senior executives, excluding the CEO and Executive Chair, have an option to participate in a share purchase matching program that is intended to increase their equity ownership in the Corporation on an individual basis. If they meet their target bonus, up to 50% of their after-tax cash bonus can be used to purchase Common Shares in the open market, which will be matched for each share purchased with one DSU from the Corporation. The matching DSUs for each participating senior executive vest over a three-year period and are subject to the maintenance of minimum share ownership conditions.

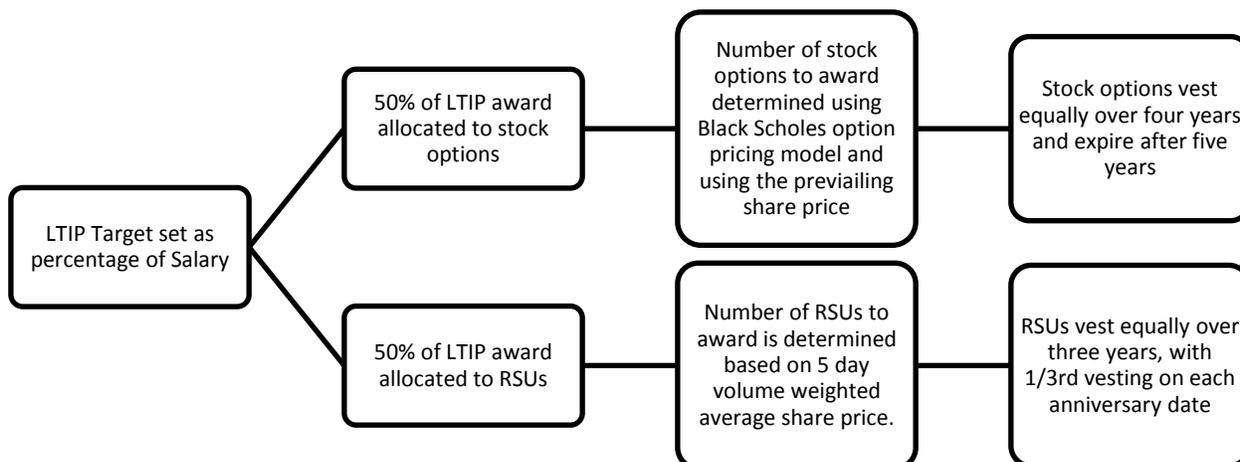
The Board reserves the right to amend and/or terminate the compensation package, including adjusting the mix of short-term and long-term incentives, for a variety of reasons (e.g. the Corporation is in violation of debt covenants or the package would cause a violation of debt covenants).



### 3.4.3 Long-term Incentives

The Compensation Committee’s mandate includes a review of, and recommendations on, all stock option grants under the Corporation’s Stock Option Plan.

For fiscal 2017, the LTIP was a target award set as a percentage of salary, which is the same as the STIP and is based on meeting target, as in the case of the STIP. The LTIP award is then split into 50% RSUs and 50% options. The RSUs vest equally over three years and are paid out in common shares issued from treasury. The options are valued at the time of the award based on Black Scholes and vest equally over four years. At exercise time, options can be settled for cash or on a cashless basis. See below simple flow chart illustrations of how the LTIP is calculated.



### 3.4.4 Perquisites & Benefits

Altius pays no perquisites or benefits to the NEOs nor are there any pension plans in place for NEOs.

### 3.4.5 FYE2017 Performance & Compensation Decisions

The Committee reviewed the performance of Altius relative to the scorecard for FY2017. The overall result was mixed. While the operating results, as characterized through the Operating Income per share, and the majority of the Developmental targets were well above target, the impairment of the Genesee coal royalty was a disappointment.

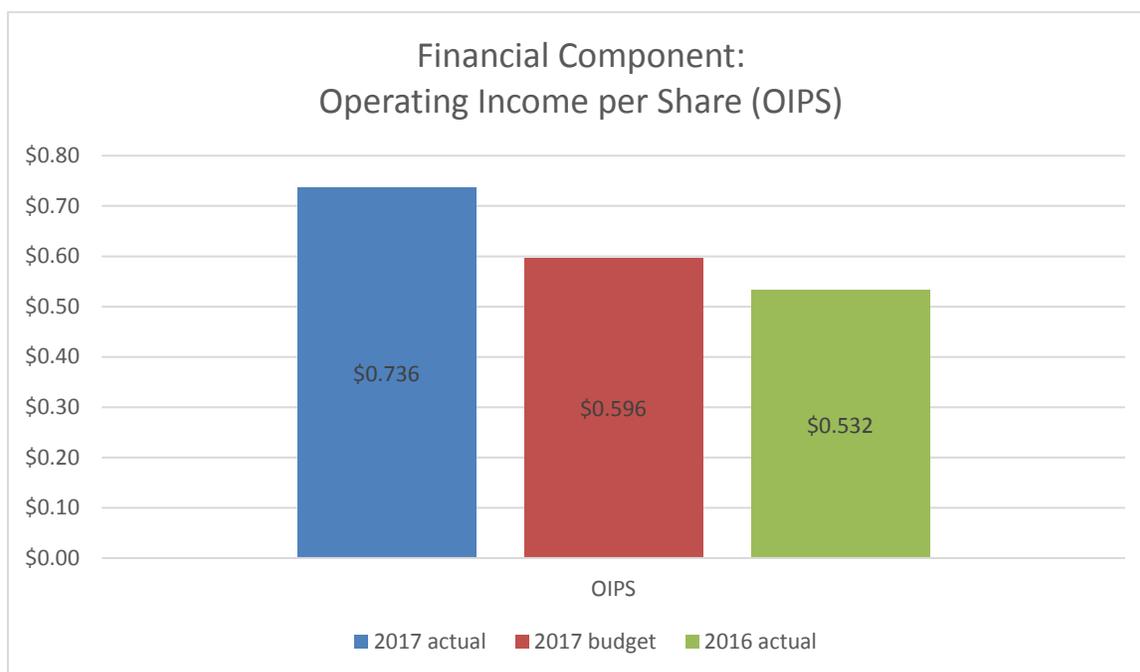
When reviewing the scorecard, readers should note that a score of 100 is considered as meeting target, with a maximum of 250 for exceeding target. The payout ratio was determined as follows:

Component	Outcome
Financial component (40% weighting)	123.5%
Developmental (40% weighting)	136.6%
Individual (20% weighting)	100%
<b>Overall Payout Ratio</b>	<b>125%</b>

#### Financial Component:

The Financial element of the scorecard accounts for 40% weighting in the bonus scheme. The operating income per share target was \$0.596 per share (FY2016 Actual was \$0.532 per share). The FY2017 result was \$0.736 per share, thus resulting in a 23.5% outperformance.





**Developmental Component:**

Under the Developmental element (40% of bonus scheme), Management exceeded target on five specific goals (of a total of 15) with particular reference to the management of the project generation business and management of the Company’s capital structure (i.e. balance sheet). It met target on six goals, but underperformed on four. Having taken into account the weighting of the specific goals for relevance and giving a pass for health & safety, environmental and sustainability, the Committee concluded that the Developmental element should be scored 136.6

One of the key goals that management did not achieve was the impairment of previous royalty acquisitions. The Company announced on 15<sup>th</sup> March 2017 a non-cash impairment charge of \$72 million on its Genesee royalty. The Committee discussed this in detail and acknowledged that the change of legislation by the Province of Alberta was beyond the reasonable control of Management. Nevertheless, shareholder interests were negatively affected, and given the reasonably recent nature of the acquisition it was felt necessary to score a 0 for the goal and increase the weighting within its section to a maximum of 30%.

**Individual Component:**

The Individual Performance, accounting for 20% weighting, was scored following self-assessments carried out by each NEO. The Executive Chairman leads this process on behalf of the Committee and adds comments where necessary in his report. The Executive Chairman’s self-assessment is commented on by the CEO to the Committee. The introduction of self-assessments in FY2016 has been accepted by all concerned and has led to a number of areas of improvement throughout the organization. The Committee concluded that all persons should be scored at 100 (i.e. meeting target).

**Other Factors and Overall Payout:**

Additional discretion was used by the Committee on two further points:

- It would not have been in shareholder’s interest to acquire royalty assets based on valuations being offered and as such the Committee agreed to remove the goal for scoring purposes.
- The completion of the Fairfax transaction on 27<sup>th</sup> April 2017 was considered by the Committee as an important milestone for the future of the Company, but its impact would not be felt until future transactions had been executed. Nonetheless, a marginal improvement in the total payout ratio was

awarded to reflect this. Accordingly, while the Overall Payout ratio applicable to all NEOs was calculated at 124.06%, this was raised to 125% to account for the successful Fairfax transaction.

### Short Term Incentive Plan (STIP) Payout

Executive	Salary \$	Actual STIP \$	Target STIP \$
Brian Dalton	350,000	437,500	350,000
John Baker	350,000	262,500	210,000
Ben Lewis	225,000	168,750	135,000
Chad Wells	175,000	131,250	105,000
Lawrence Winter	175,000	131,250	105,000

### Long Term Incentive Plan (LTIP) Payout

Executive	Salary C\$	Actual LTIP \$	Target LTIP \$
Brian Dalton	350,000	437,500	350,000
John Baker	350,000	262,500	210,000
Ben Lewis	225,000	168,750	135,000
Chad Wells	175,000	131,250	105,000
Lawrence Winter	175,000	131,250	105,000

### Share Matching Program

The Committee notes the share matching program introduced in 2015 has been taken up in full by all eligible members through to FY2016. The intention was to encourage further equity participation by those members below the level of CEO and Executive Chairman. The Committee regards this take up positively and will consider extending this scheme at the end of FY2018 when it expires. The take up for FY2017 was again fully utilized.

### CEO Alignment of Pay and Performance over the Long Term

The Committee believes strongly that the RSU and option package to the CEO, through the LTIP award, is in strong alignment with shareholder experience given that it constitutes 36% of the CEO's 2017 payout. The structure also serves as an incentive to long term share price appreciation.

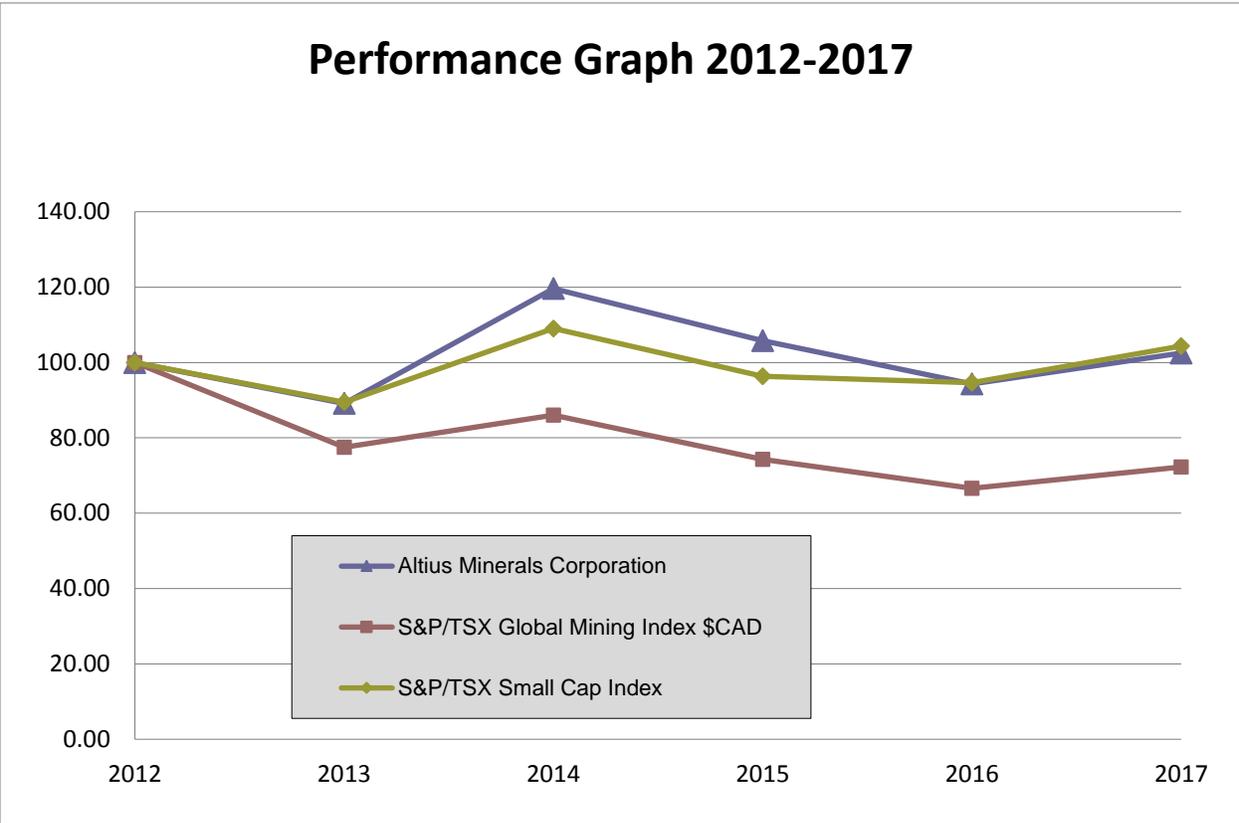
### Conclusion

The Board and Compensation Committee have an ongoing commitment to monitor the compensation plans to ensure they are working as expected to align management and shareholder interests as well as provide an appropriate balance of fixed/variable compensation and risk/reward.

## 3.5 Performance Graph

The following graph illustrates the Corporation's shareholder return on a yearly basis with the starting point being April 30, 2012, assuming an initial investment of \$100 on April 30, 2017 compared to the S&P/TSX Global Mining Index and Smallcap Index, for the comparable period.





Altius outperformed in previous years as a safe haven investment while commodity price declines and uncertain markets had a more pronounced effect on the industry and other companies. In spite of strong financial performance, extraordinary revenue growth, and aggressive debt reduction paired with positive Project Generation business developments, Altius has more recently underperformed, remaining relatively flat over the past five years. Some of this underperformance can be attributed to negative thermal coal sentiment, and a corresponding non-cash impairment charge recorded in fiscal 2017 because of politically driven decisions in Alberta to shut down coal fired power generators by 2030. Thermal coal currently makes up approximately 30% of Altius’ royalty revenues. Altius is taking actions to alleviate this factor, including acquiring other royalty assets to offset and reduce the relative coal weighting. In addition, the Compensation Committee has decided to incorporate a specific goal of share price performance, particularly relative to its approved peer group, into the scorecard for FY2018.

### 3.6 Comparison of Performance Trend to Executive Compensation

In order to better incentivize the achievement of long-term shareholder value appreciation in the future, as well as the achievement of short-term realized gains, the Board decided in fiscal 2015 to increase salaries commensurate with other similar firms, implement a pay-for performance package based on meeting specific targets and financially reward overachievement through a combination of STIP and LTIP incentives and measure performance over different time horizons to reflect a range of investment/asset profiles.

### 3.7 Summary Compensation Table

The following compensation information relates to amounts paid to our NEOs for the three most recent fiscal years.

Name & Principal Position	Year	Salary (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>1</sup> (\$)	Non-Equity Incentive Plan Compensation		Pension Value (\$)	All Other Compensation <sup>3</sup> (\$)	Total (\$)
					Annual Incentive Plans (\$)	Long-Term Incentive Plans (\$)			
Brian Dalton, President & CEO/Director <sup>2</sup>	2017	350,000	218,750	218,750	437,500	-	-	-	1,225,000
	2016	350,000	133,000	133,000	266,000	-	-	-	882,000
	2015	350,000	238,700	238,700	477,400	-	-	-	1,304,800
John Baker, Executive Chairman <sup>2</sup>	2017	350,000	131,250	131,250	262,500	-	-	-	850,000
	2016	350,000	79,800	79,800	159,600	-	-	-	644,200
	2015	282,831	119,350	119,350	238,700	-	-	-	760,231
Ben Lewis, Chief Financial Officer	2017	225,000	84,275	84,375	168,750	-	-	43,875	606,375
	2016	225,000	51,300	51,300	102,600	-	-	25,725	455,925
	2015	225,000	92,050	92,050	184,100	-	-	51,427	644,627
Chad Wells, V.P. Corporate Development	2017	175,000	65,625	65,625	131,250	-	-	34,125	471,625
	2016	175,000	39,900	39,900	79,800	-	-	21,187	355,787
	2015	175,000	71,600	71,600	143,200	-	-	40,345	501,745
Lawrence Winter, V.P. Exploration	2017	175,000	65,625	65,625	131,250	-	-	34,125	471,625
	2016	175,000	39,900	39,900	79,800	-	-	21,013	355,613
	2015	175,000	71,600	71,600	143,200	-	-	40,229	501,529

#### Notes

<sup>1</sup>The Fair market value of option based awards is determined using the Black Scholes pricing model using assumptions as disclosed in the consolidated annual financial statements.

<sup>2</sup>None of Mr. Dalton's and Mr. Baker's compensation is for their role as a director of the Corporation.

<sup>3</sup>All Other Compensation includes the Share Matching Program, whereby certain NEOs may receive matching DSUs if they reinvest a portion of their cash bonus in the Company's common shares.

## 4.0 INCENTIVE PLAN AWARDS

### 4.1 Outstanding Share-Based Awards and Option-Based Awards

The following table provides information for each NEO for all awards outstanding at April 30, 2017, the end of the most recently completed fiscal year.



Name & Principal Position	Option-Based Awards (includes stock options and SARs)				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 (\$)	Market or Payout Value of Vested Share-Based Awards Not Paid out or Distributed (\$)
<b>Brian Dalton,</b> <i>President &amp; Chief Executive Officer</i>	38,707	10.62	6/7/2021	56,125	24,700	298,129	2,354
	59,957	14.25	24/07/2020	-	-	-	-
<b>John Baker,</b> <i>Executive Chairman</i>	23,224	10.62	6/7/2021	33,675	13,628	164,490	230,322
	29,979	14.25	24/07/2020	-	-	-	-
<b>Ben Lewis,</b> <i>Chief Financial Officer</i>	14,930	10.62	6/7/2021	21,649	14,592	176,125	16,934
	23,121	14.25	24/07/2020	-	-	-	-
<b>Chad Wells,</b> <i>V.P. Corporate Development</i>	11,612	10.62	6/7/2021	16,837	11,417	137,803	12,963
	17,985	14.25	24/07/2020	-	-	-	-
<b>Lawrence Winter,</b> <i>V.P. Exploration</i>	11,612	10.62	6/7/2021	16,837	11,485	138,624	13,386
	17,985	14.25	24/07/2020	-	-	-	-

#### 4.2 Incentive Plan Awards - Value Vested or Earned During the Year

The following table provides information on the value of vested options and share-based awards vested or earned during the most recently completed fiscal year for each NEO.

Name	Option-Based Awards -Value Vested During the Year <sup>1</sup> (\$)	Share-Based Awards -Value Vested During the Year (\$)	Non-Equity Incentive Plan - Value Earned During the Year (\$)
<b>Brian Dalton</b>	-	66,332	-
<b>John Baker</b>	-	33,796	-
<b>Ben Lewis</b>	-	39,960	-
<b>Chad Wells</b>	-	30,888	-
<b>Lawrence Winter</b>	-	31,267	-



**Note**

<sup>1</sup>The “value vested” is based on the dollar value that would have been realized if the options had been exercised on the date vested. This is calculated by determining the difference between the market price of the Common Shares on the vesting date and the exercise price of the options that vested. Based on the calculation, there was no value vested on the stock options during the fiscal year because the market price was below the exercise price at the time of vesting. The value vested for RSUs and DSUs is calculated by multiplying the market price of the Common Shares on the vesting date by the number of units that vested.

## 5.0 DIRECTOR COMPENSATION

The Compensation Committee reviews the compensation of the directors of the Corporation from time to time to ensure that it properly reflects the responsibilities associated with being an effective director. The Committee conducted such a review and made changes to director compensation in fiscal 2011. No changes in directors’ compensation have been made since that time.

In fiscal 2017, non-executive Board members received compensation by way of payment per annum, with Committee chairs receiving an additional payment per annum as described below. The directors were reimbursed for expenses incurred in carrying out their duties as directors, including attending meetings.

For fiscal 2017, the compensation for directors was \$25,000 per director per annum plus \$50,000 in DSUs, and \$1,500 per director per meeting for attending board meetings (\$750 each for teleconference board meetings). The Lead Director receives an additional retainer of \$7,500 per year, and the chairman of each of the Audit, Compensation and Corporate Governance Committees receives additional remuneration of \$15,000, \$7,500, and \$7,500, respectively, per annum.

No director compensation was paid to directors who are members of management of Altius or any of its subsidiaries.

None of the directors were compensated in their capacity as a director by Altius or any of its subsidiaries during fiscal 2017 pursuant to any other arrangement or in lieu of any standard compensation arrangement.

The following table provides information regarding compensation paid to the directors of Altius for acting in such capacity during fiscal 2017.

Name	Fees Earned (\$)	Share-Based Awards- DSUs (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Retirement Fund Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Fred Mifflin	68,500	50,000	-	-	-	-	118,500
Susan Sherk	44,500	50,000	-	-	-	-	94,500
Donald Warr	46,000	50,000	-	-	-	-	96,000
Jamie Strauss	42,250	50,000	-	-	-	-	92,250
Anna Stylianides	43,750	50,000	-	-	-	-	93,750

### 5.1 Outstanding Share-Based Awards and Option-Based Awards

The following table provides information for each director for all awards outstanding as at April 30, 2017, the end of the most recently completed fiscal year.



Name & Principal Position	Option-Based Awards (includes stock options and SARs)				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 (\$)	Market or Payout Value of Vested Share-Based Awards not Paid out or Distributed (\$)
Fred Mifflin	-	-	-	-	-	-	386,964
Susan Sherk	-	-	-	-	-	-	386,964
Donald Warr	-	-	-	-	-	-	386,964
Jamie Strauss	-	-	-	-	-	-	358,624
Anna Stylianides	-	-	-	-	-	-	115,003

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

The following table provides information on the value of vested options and share-based awards vested or earned during the most recently completed fiscal year for each non-executive director.

Name	Option-Based Awards -Value Vested During the Year <sup>1</sup> (\$)	Share-Based Awards -Value Vested During the Year (\$)	Non-Equity Incentive Plan - Value Earned During the Year (\$)
Fred Mifflin	-	62,965	-
Susan Sherk	-	62,965	-
Donald Warr	-	62,965	-
Jamie Strauss	-	62,682	-
Anna Stylianides	-	60,276	-

### Note

<sup>1</sup>The “value vested” is based on the dollar value that would have been realized if the option-based awards and share-based awards had been exercised on the date vested. The value vested for stock options is calculated by determining the difference between the market price of the Common Shares on the vesting date and the exercise price of the options that vested. The value vested for DSUs is calculated by multiplying the market price of the Common Shares on the vesting date by the number of units that vested.

## 6.0 SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation has a Stock Option Plan and an LTIP. The maximum number of Common Shares which may be reserved for issuance under the equity compensation plans on a combined basis cannot exceed 10% of the issued and outstanding Common Shares of the Corporation on a non-diluted basis. The following table sets forth information with respect to the options and rights outstanding under the equity compensation plans as at April 30, 2017.

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options and Rights (#)	Weighted-Average Exercise Price of Outstanding Options (\$)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (#)
Equity Compensation Plans Approved by Security Holders	509,042	13.28	3,824,523
Equity Compensation Plans Not Approved by Security Holders	-	-	-
<b>TOTAL</b>	<b>509,042</b>	<b>13.28</b>	<b>3,824,523<sup>(1)</sup></b>

(1) Includes Common Shares issuable under the LTIP.

### 6.1 Option Re-pricings

The Corporation did not re-price any options during the fiscal year ended April 30, 2017.

### 6.2 Employment Contracts and Termination of Employment Arrangements

The Corporation has entered into written employment agreements with the NEOs on terms and conditions comparable to the practice of other public issuers in the same industry and market. The agreements include roles and responsibilities, confidentiality and termination in accordance with existing laws and change in control.

For all NEOs, termination provisions are included to provide a payment of two (2) times annual base salary plus the award of pro-rated STIP and LTIP to reflect service in the fiscal year in which termination occurs in the event of a termination without cause or a termination following a change of control of the Corporation (a “**Change of Control**”). In addition, the Corporation shall continue the participation of the NEOs in the medical benefit plans sponsored by the Corporation until the end of the severance period or until the NEO secures alternate employment with comparable benefit coverage.

In the case of a Change of Control, the above noted payments, awards and benefits are payable if the Corporation terminates an NEO’s employment or the NEO submits his resignation as a result of an event of good reason (being a material change in responsibilities, authority or status, a reduction in base salary or benefits, or a requirement to relocate outside the Province of Newfoundland and Labrador). No other conditions apply to the receipt of such payments or benefits.

The incremental payments, payables and benefits to NEOs in the event of termination without cause or termination following a Change of Control are estimated to be as follows assuming that the triggering event took place on the last business day of the Corporation’s most recently completed financial year:



Name & Principal Position	Cash Severance		Unvested Equity Acceleration <sup>3</sup>		Total
	Base Salary <sup>1</sup>	Bonus <sup>2</sup>	Stock Options	Share –based awards	
<b>Brian Dalton</b> <i>President &amp; Chief Executive Officer</i>	700,000	875,000	56,125	298,129	1,929,254
<b>John Baker</b> <i>Executive Chairman</i>	700,000	525,000	33,675	164,490	1,423,165
<b>Ben Lewis</b> <i>Chief Financial Officer</i>	450,000	337,500	21,649	176,125	985,274
<b>Chad Wells</b> <i>V.P. Corporate Development</i>	350,000	262,500	16,837	137,803	767,140
<b>Lawrence Winter</b> <i>V.P. Exploration</i>	350,000	262,500	16,837	138,624	767,961

Notes:

1. All NEOs are entitled to receive two times their annual base salary in the event of termination without cause or termination subsequent to a change of control.
2. Bonus LTIP and STIP is negotiated in the event of a termination payment. The estimate provided is based on last fiscal year's payout.
3. In the event of a termination without cause, all share based compensation units will vest for an additional 2 years. In the event of a termination following a change of control of the Corporation, all unvested share based units will vest immediately.

## 7.0 CORPORATE GOVERNANCE

### 7.1 Board of Directors

The Board is currently comprised of seven directors, two of whom (John Baker and Brian Dalton) have been directors since the Corporation was founded in 1997. Donald Warr was appointed in November 2005, Fred Mifflin and Susan Sherk were appointed in November 2006, Jamie Strauss was appointed in October 2010, while Anna Stylianides was appointed in May 2015 following the completion of the plan of arrangement with Callinan Royalties Corporation. Guy Bentinck was recently appointed in May of this year following the closing of the Fairfax transaction. Susan Sherk will be retiring at the Meeting, while Andre Gaumond is being formally nominated at the Meeting, bringing the Board composition to eight. Brian Dalton, the CEO, and John Baker, the Executive Chairman, are members of management and therefore are not considered independent for purposes of NI 58-101. Directors Susan Sherk, Fred Mifflin, Donald Warr, Jamie Strauss, Anna Stylianides and Guy Bentinck are independent for purposes of NI 58-101. The independent directors hold a minimum of four scheduled and minuted meetings per year following regularly scheduled Board meetings, at which non-independent directors and members of management are not in attendance. Independent directors of the Board can meet at the request of any independent director. The independent directors exercise their responsibilities for independent oversight of management, and provide leadership through their majority position on the Board and ability to meet independently of management whenever deemed necessary.

Fred Mifflin acts as lead director and in such capacity, chairs the meetings of the independent directors and reports to the Board as required. In addition, the lead director is charged with the responsibility of assisting the independent directors with fulfilling their governance responsibilities and overseeing obligations of the Board and its committees generally.



## 7.2 Definition of “Independent” Board Member

Consistent with NI 58-101, in order for a director to be considered “independent” the Board must make an affirmative determination, by a resolution of the Board as a whole, that the director being reviewed has no material relationship with the Corporation other than as a director, either directly or indirectly (such as through being a partner, shareholder or officer of another entity that has a relationship with the Corporation). In each case, the Board broadly considers all relevant facts and circumstances.

Generally, a director will not be deemed to be “independent” if, within the preceding three years:

- (a) the director was an executive officer or employee of the Corporation or any of its subsidiaries;
- (b) an immediate family member of the director was employed by the Corporation as an executive officer;
- (c) the director, or an immediate family member, was a current partner of a firm that is the Corporation’s internal or external auditor or within the last three years (but no longer) a partner or employee of such a firm and personally worked on the Corporation’s audit within that time;
- (d) the director was a current employee of the Corporation’s internal or external auditor;
- (e) an immediate family member of the director was a partner of the Corporation’s internal or external auditor, was an employee of that firm and participates in the firm’s audit, assurance or tax compliance (but not tax planning) practice, or was within the last three years a partner or employee of that firm and personally worked on the Corporation’s audit within that time; or
- (f) a director, or an immediate family member, received more than CAD\$75,000 annually in direct compensation from the Corporation, other than director and committee fees and pensions or other forms of deferred compensation, so long as such compensation was not contingent on continued service.

An “immediate family member” includes a director’s spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than domestic employees) who shares such director’s home.

## 7.3 Committees of the Board of Directors

The Board functioned under three established committees for the year ended April 30, 2017, all of which had written mandates. Such mandates included a description of the role and responsibilities of the Chair of the committee, which include presiding over committee meetings, reporting to the Board with respect to the activities of the committee, and leading the committee in regularly reviewing and assessing the adequacy of its mandate and its effectiveness in fulfilling its mandate. All committees were comprised of a minimum of three board members, the majority of whom were independent.

A copy of the respective position descriptions for the Executive Chairman, the chair of each Committee and the CEO, together with the rest of the Board mandate, can be found at [www.altiusminerals.com](http://www.altiusminerals.com). These position descriptions are reviewed by the Corporate Governance Committee on a bi-annual basis.

### 7.3.1 Corporate Governance Committee

Responsibility for monitoring and assessing the effectiveness of the Board, its committees and directors rests with the Corporate Governance Committee. The Committee assists the Board in developing the Corporation’s approach to its own governance by:



- regularly updating and overseeing the Corporation's governance policies and making corporate governance policy recommendations aimed at enhancing Board effectiveness;
- annually reviewing the Board and its members in terms of their composition, structure, and size as well as effectiveness, knowledge and contribution to the governing of the Corporation;
- annually reviewing each director's status to determine whether he/she remains independent as that term is defined in NI 58-101;
- ensuring Board members participate in appropriate continuing education programs;
- identifying and recommending individuals qualified to become members of the Board;
- overseeing the succession planning for the Corporation's CEO and other senior executive officers; and
- bi-annually reviewing all Committee Charters and Terms of Reference as to their applicability;

For the year ended April 30, 2017, the Corporate Governance Committee was comprised of Susan Sherk (Chair), Jamie Strauss and Anna Stylianides, with Fred Mifflin as lead director serving as an ex-officio member.

### **7.3.2 Audit Committee**

The purpose of the Corporation's Audit Committee is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Corporation, which will be provided to Shareholders of the Corporation and others. The Audit Committee oversees the Corporation's financial reporting process on behalf of the Board and reports the results to the Board. While the Audit Committee has the responsibilities and powers set forth in its mandate, it is not the duty of the Committee to plan or conduct audits or to determine if the Corporation's financial statements are complete and accurate and are prepared in accordance with International Financial Reporting Standards.

Management is responsible for preparing the Corporation's financial statements and the independent auditors are ultimately accountable to the Board and the Committee, as representatives of the Shareholders.

It is the objective of the Audit Committee to maintain free and open communications among the Board, the independent auditors and the financial and senior management of the Corporation.

For the year ended April 30, 2017, the Audit Committee was comprised of Fred Mifflin (Chair), Anna Stylianides and Don Warr. All members are financially literate and are independent, as defined under Sections 1.4 and 1.5 of National Instrument 52-110 - *Audit Committees*. For further information on the Audit Committee policy and charter, please refer to the Corporation's Annual Information Form dated June 21, 2017, which is available on SEDAR.

### **7.3.3 Investment Committee**

On June 24, 2015, the Board formally disbanded the Investment Committee in the interests of efficiency. The previous responsibilities of the Investment Committee are now carried out by the Board as a whole.

### **7.3.4 Compensation Committee**

As discussed above in the CD&A, the Corporation has established a Compensation Committee that annually reviews the compensation of senior management and the directors. The recommendations of the Compensation Committee are presented to the Board for approval.

For the year ended April 30, 2017, the Compensation Committee was comprised of Jamie Strauss (Chair), Fred Mifflin and Susan Sherk.



## **7.4 Board Committee Meetings**

The Audit Committee and independent directors meet at least four times annually; the Compensation Committee and the Governance Committee each meets at least twice annually.

## **7.5 Orientation and Continuing Education**

Proposed new directors are provided with an information package regarding the business and operations of the Corporation which fully apprises each of them of such matters and of the duties and responsibilities of the directors pursuant to applicable law and policy. Orientation of new directors includes briefings with the Chair of the Board, the Audit, Compensation and Corporate Governance Committees and the independent directors. New directors also receive access to senior management through an orientation session to discuss operations, current business strategies and historical information about the Corporation. They are also provided with a binder of all corporate charters, position descriptions and policies. The orientation program is reviewed bi-annually by the Corporate Governance Committee.

The Corporation encourages and supports Board members to pursue available continuing education opportunities, including opportunities within the mineral industry and with respect to their corporate governance responsibilities. The approach was developed to help directors maintain and enhance their skills and abilities and update their knowledge and understanding of the Company and its industry. Key components of the program include regular briefings through bi-monthly written reports of activities to directors, quarterly operations' reports and specific presentations to the Board and regular site visits to certain of the Corporation's mineral exploration or joint venture properties. Directors also participate in external education seminars at the Corporation's expense that are relevant to their role on the board such as the PDAC Conference in Toronto and the Newfoundland and Labrador Mineral Resources Review in St. John's. In addition, several directors attend Deloitte's Corporate Governance Seminar Series, Beyond Compliance, as well as the Institute of Corporate Directors corporate governance series. In fiscal 2017, each Director attended at least one conference related to mining, audit, and/or governance.

## **7.6 Ethical Business Conduct**

The Corporation will only nominate to its Board individuals who personify a culture of ethical business conduct. The Board at all times expects management to operate the business of the Corporation in a manner consistent with the highest level of integrity such that the Corporation may serve as an example within its industry group. Board members are expected to comply at all times with the highest standards respecting conflicts of interest imposed by applicable corporate law.

The Corporation has adopted a written business Code of Conduct and Ethics posted on its corporate website at <http://www.altiusminerals.com>. The Code of Conduct and Ethics applies to employees, officers, directors and consultants of Altius, and to anyone retained by Altius in a similar capacity. Altius and its subsidiaries and affiliates are committed to conducting business with people in the same respectful manner and applying the same ethical principles and standards that would be expected and sought from others. The employees, officers and consultants that represent Altius are expected to always act in a manner that enhances the reputation of the Corporation for honesty, fairness, competency and professionalism. The integrity of Altius relies upon the uncompromising personal integrity of each employee.

The Code of Conduct and Ethics is reviewed annually by the Corporate Governance Committee and is monitored for compliance by senior management of the Corporation.

### **7.6.1 Whistleblower Policy**

The Canadian Securities Administrators include in their audit committee and certification rules for reporting issuers a requirement that reporting issuers have a whistleblower policy that provides procedures for the handling of complaints regarding accounting, internal control and auditing matters, and confidential,



anonymous submissions by employees of the issuer regarding concerns about questionable accounting or auditing matters.

Altius is in compliance with Canadian whistleblower regulations. Altius uses an independent consultant to provide an anonymous reporting system for employees wishing to make a complaint. Complaints may be made online or by phone. Details of the anonymous reporting system are outlined in the Altius Employees Handbook which is distributed to all employees.

## 7.7 Nomination of Directors

The size and current membership of the Board is reviewed each year when the directors fix the number of directors to sit on the Board, taking into account the number of directors required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Corporate Governance Committee, which is comprised of independent directors, serves the function of a nominating committee and is formally responsible for coordinating the recruitment and recommendation of new candidates and for recommending such candidates to the Board.

When considering a new Board member, the Corporate Governance Committee considers the qualities and skills that the Board, as a whole, needs, and assesses the competencies and skills of the current Board members. Based on the talent already represented on the Board, the Corporate Governance Committee then identifies specific skills, personal qualities or experiences that a candidate should possess in light of the opportunities and risks facing the Corporation. Potential candidates are screened to ensure they possess the requisite qualities including integrity, business judgment and experience, business or professional experience, mining and/or natural resource experience, independence from management, international experience, financial literacy, communications skills and the ability to work well with the Board and management. The Corporate Governance Committee considers existing commitments of each potential candidate to ensure that such a candidate will be able to fulfill his or her obligations as a Board member.

The Corporate Governance Committee maintains a list of potential director candidates for its future consideration and may engage outside advisors to assist in identifying other potential candidates.

## 7.8 Assessments

The Corporation has quarterly meetings of its independent directors to discuss the effectiveness of the Board and its committees, identify weaknesses and areas of opportunity and where procedural or substantive changes are needed to increase the effectiveness of the Board and its committees. Any identified improvements are discussed with the Chairman of the Board and implemented and overseen by the Board or the appropriate committee.

As noted above, the Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Corporation.

## 7.9 Disclosure Policy

It is fundamental to securities regulation that everyone investing in securities has equal access to information that may affect their investment decisions. Altius is required by applicable securities laws and timely disclosure policies of the TSX to disclose publicly through the news media all material information relating to Altius immediately upon the information becoming known to management or, if the information is already known to management, immediately upon management becoming aware that the information is material. In certain limited circumstances, disclosure of material information may be delayed for reasons of corporate confidentiality. In these cases, the Investment Industry Regulatory Organization of Canada ("IIROC") will be notified and, if the material information is also a material change, a confidential material change report will be filed.



Except in limited circumstances where disclosure would be unduly detrimental to Altius (and then subject to the requirements of applicable securities laws), Altius will immediately disclose all material information by way of a press release. Altius will follow up the press release by filing with applicable securities regulators a material change report where required under applicable securities laws. Both the press release and, where applicable, the material change report, must be filed with securities regulatory authorities via SEDAR.

For further information on corporate disclosure, confidentiality and insider trading, please refer to the Corporation's Corporate Disclosure Policy and Code of Conduct and Ethics on the investor information section of the Corporation's website at <http://www.altiusminerals.com>.

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

The Board has not adopted term limits for directors because of the small size of the Board (over the last ten years, the independent Board members have been limited to no more than five individuals and the management Board members have been limited to no more than three individuals). The Board has been focused on working closely as a team to develop the skills necessary for a growing company. The need for a retirement policy has not yet arisen and directors who have left the Corporation have done so for personal reasons. The Corporate Governance Committee reviews the need for director term limits annually and will institute one should the need arise.

Board renewal is addressed in three ways. The full Board constantly looks for new board members who can add value to the Board, bring new or a greater depth of particular skillsets necessary to successfully oversee a growing company and who can successfully operate within a team environment. The Corporate Governance Committee meets at least once annually to discuss the need for new board members and/or an increased number of directors. It then identifies gaps in board skill levels as well as potential candidates that could provide or augment those skills.

## **7.11 Policies Regarding the Representation of Women on the Board**

The Corporation does not have a formal policy regarding identification and nomination of women on the Board. The Corporate Governance Committee generally identifies, evaluates and recommends candidates to become members of the Board with the goal of creating a Board that, as a whole, consists of individuals with various and relevant career experience, industry knowledge and experience, and financial and other specialized expertise.

The Corporate Governance Committee is mindful of the benefits of diversity on the Board and regards the involvement of women and their experience and input as constructive to the Board's decision-making process. As a result, when searching for nominees for election to the Board, the Corporate Governance Committee takes gender diversity into account. Currently, two of the seven directors (approximately 29%) are women.

## **7.12 Consideration of the Representation of Women in the Director Identification and Selection Process**

The Corporate Governance Committee, as part of its mandate, takes gender into consideration as part of its overall recruitment and selection process in respect of the Board. Accordingly, when searching for new directors, the Corporate Governance Committee will consider the level of female representation on the Board. This will be achieved by regularly monitoring the level of female representation on the Board and, where appropriate, recruiting qualified female candidates as part of the Corporation's overall recruitment and selection process to fill Board positions, as the need arises, through filling vacancies, growth or otherwise.



### **7.13 Consideration of the Representation of Women in Executive Officer Appointments**

The Corporation is sensitive to the representation of women when making executive officer appointments. As of the date of this Circular, no women occupy executive officer positions within the Corporation. However, the Corporation, through succession planning, is committed to increasing the gender diversity of its executive officers going forward.

### **7.14 The Corporation's Targets Regarding the Representation of Women on the Board of Directors and in Executive Officer Positions**

The Corporation aims to ensure that in the future at least 25% of the Board is comprised of women. The Corporation has not adopted a formal target regarding women in executive officer positions. However, as noted above, the Corporation is committed to promoting diversity and will continue going forward to support women's initiatives and identify talented women to fulfill Board and executive positions.

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

Management is not aware of any indebtedness outstanding by any of its directors, executive officers or any of their associates, or any guarantees, support agreements, letters of credit or similar arrangements provided by the Corporation or any subsidiaries, to these individuals, at any time since the commencement of the last completed financial year.

## **9.0 INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Management is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the last financial year, of any proposed nominee for election as a director, or any associates or affiliates of any of these individuals, in any matter to be acted on at the Meeting other than the election of directors.

## **10.0 DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation carries directors' and officers' liability insurance covering acts and omissions of the directors and officers of the Corporation. The policies have a combined aggregate limit of \$40 million over a term of one year. The premium paid by the Corporation was \$72,450 in respect of its directors and officers as a group for the 12 months ending December 14, 2017. The corporate policy provides for the Corporation to absorb a deductible amount of \$25,000 on each loss and \$50,000 with respect to securities and oppressive conduct claims.

## **11.0 OTHER BUSINESS**

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual and Special Meeting. If any other matter properly comes before the Meeting, any proxy in the form provided by management will be voted on those matters in accordance with the best judgment of the Management Proxyholders.



## 12.0 ADDITIONAL INFORMATION

Additional financial information regarding the Corporation's business is contained in the audited consolidated financial statements and management's discussion and analysis for the year ended April 30, 2017. These statements and all the continuous disclosure documents submitted to the Canadian securities regulatory authorities can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may request a copy of the financial statements and management's discussion and analysis at P.O. Box 8263, Station "A", St. John's, NL, A1B 3N4, Canada, or Suite 202, Kenmount Business Center, 66 Kenmount Road, St. John's, NL, A1B 3V7, Canada.

## 13.0 APPROVAL OF DIRECTORS

The contents of this Circular and the sending, communication or delivery thereof to the shareholders entitled to receive the Notice of the Meeting, to each director of the Corporation, to the auditors of the Corporation and to the appropriate governmental agencies have been approved and authorized by the directors of the Corporation.

DATED AUGUST 9, 2017



Brian Dalton, Chief Executive Officer



# SCHEDULE “A” - STOCK OPTION PLAN

## **1. Purpose of the Plan**

The purpose of this Plan, as amended or varied from time to time, is to provide the Participants with an opportunity to purchase Common Shares of the Corporation and benefit from the appreciation thereof. This proprietary interest in the Corporation will provide an increased incentive for the Participants to contribute to the future success and prosperity of the Corporation, thus enhancing the value of the Common Shares for the benefit of all the shareholders and increasing the ability of the Corporation and its Subsidiaries to attract and retain individuals of exceptional skill.

## **2. Defined Terms**

Where used herein, the following terms shall have the following meanings:

“Board” means the board of directors of the Corporation or the Committee;

“Committee” means any committee established by the Board from time to time for the purpose of administering this Plan;

“Common Shares” means the Common Shares of the Corporation or, in the event of an adjustment contemplated by Article 9 hereof, such shares to which a Participant may be entitled upon the exercise of an Option as a result of such adjustment;

“Corporation” means Altius Minerals Corporation, and includes any successor corporation thereto;

“Exchange” means the Toronto Stock Exchange or, if the Common Shares are not then listed and posted for trading on such exchange, any stock exchange in Canada on which such shares are listed and posted for trading or any other regulatory body or trading system having jurisdiction as may be selected for such purpose by the Board;

“Exercise Notice” means the notice in writing signed by the Participant or the Participant’s legal personal representative(s) addressed to the Corporation specifying an intention to exercise all or a portion of an Option;

“Expiry Time” means the time at which an Option will expire, being 5:00 p.m. (Newfoundland & Labrador time) on a date to be fixed by the Board at the time the Option is granted, which date will not be more than ten years from the date of grant;

“Insider” has the meaning ascribed thereto in the Toronto Stock Exchange Company Manual, as amended from time to time;

“Market Price” per Common Share at any date shall mean the volume weighted average trading price of the Common Shares on the Exchange for the 5 trading days prior to the relevant date (or, such other price required by the Exchange). If the Common Shares are not listed and posted for trading on any stock exchange in Canada, the Market Price shall be determined by the Board in its sole discretion;

“Option” means an option to purchase Common Shares from treasury granted by the Corporation to a Participant, subject to the provisions contained herein;

“Option Price” means the price per share at which Common Shares may be purchased under an Option, as the same may be adjusted herein;

“Participants” means the directors, officers, employees and other Service Providers of the Corporation or its Subsidiaries;



“Permanent Disability” means the mental or physical state of a Participant whereby such person has to a substantial degree been unable, due to illness, disease, mental or physical disability or similar cause, to fulfill his obligations as a director, officer, employee or Service Provider of the Corporation either for any consecutive four (4) month period or for any period of six (6) months (whether or not consecutive) in any consecutive twelve (12) month period, and the Corporation has certified the same in writing, or a court of competent jurisdiction has declared the Participant to be mentally incompetent or incapable of managing his affairs;

“Plan” means this Stock Option Plan of the Corporation, as the same may be amended or varied from time to time;

“Service Provider” means:

- (a) an employee or Insider of the Corporation or any of its Subsidiaries, or
- (b) any other person or company engaged to provide ongoing management or consulting services for the Corporation or any of its Subsidiaries;

“Subsidiary” means any body corporate that is a subsidiary of the Corporation, as such term is defined under the Corporations Act (Newfoundland and Labrador), as such provision is from time to time amended, varied or re-enacted;

“Take-over Bid” has the meaning ascribed thereto in the Securities Act (Newfoundland and Labrador), as such provision is from time to time amended, varied or re-enacted; and

“Withholding Obligations” has the meaning ascribed thereto in paragraph 18(a) of this Plan.

### **3. Administration of the Plan**

The Board shall administer this Plan. Options granted under the Plan shall be granted in accordance with determinations made by the Board pursuant to the provisions of the Plan as to: the Participants to whom, and the time or times at which, the Options will be granted; the number of Common Shares which shall be the subject of each Option; any vesting provisions attaching to the Option; and the terms and provisions of the respective stock option agreements, provided, however, that each Participant shall have the right not to participate in the Plan and any decision not to participate shall not affect the Participant’s employment by, or engagement with, the Corporation. The Board shall ensure that Participants under the Plan are eligible to participate under the Plan, and, if required by the Exchange, shall represent, confirm and provide evidence of such eligibility as may be required.

### **4. Granting of Options**

Participants may be granted Options from time to time. The grant of Options will be subject to the conditions contained herein and may be subject to additional conditions determined by the Board from time to time. Each Option granted hereunder shall be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Participant, in such form as the Board shall approve from time to time. Each such agreement shall recite that it is subject to the provisions of this Plan.

Subject to adjustment as provided in Article 9 hereof, the aggregate number of authorized but unissued Common Shares of the Corporation allocated and made available to be granted to Participants under the Plan, together with any authorized but unissued Common Shares reserved but unissued under any previous stock option plan and any other share compensation arrangement of the Corporation, shall not exceed ten (10%) percent (on a non-diluted basis) of the outstanding Common Shares at any time. Common Shares in respect of which Options are cancelled or not exercised prior to expiry, for any reason, shall be available for subsequent Option grants under the Plan. No fractional shares may be purchased or issued hereunder.



The Corporation shall at all times, during the term of the Plan, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of the Plan.

Any grant of Options under the Plan shall be subject to the following limitations:

- (a) the aggregate number of Common Shares reserved for issuance pursuant to Options outstanding at any time may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);
- (b) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to any one Participant and pursuant to other share compensation arrangements may not exceed 5% of the issued and outstanding Common Shares (on a non-diluted basis);
- (c) the aggregate number of Common Shares reserved for issuance pursuant to Options granted to Insiders and pursuant to other share compensation arrangements may not exceed 10% of the issued and outstanding Common Shares (on a non-diluted basis);
- (d) the issuance of Common Shares to Insiders pursuant to the Plan and other share compensation arrangements within a one-year period may not exceed 10% of the outstanding Common Shares (on a non-diluted basis); and
- (e) the issuance of Common Shares to any one Insider and such Insider's associates within a one-year period pursuant to the Plan and other share compensation arrangements may not exceed 5% of the outstanding Common Shares (on a non-diluted basis).

All Options granted pursuant to this Plan shall be subject to the rules and policies of the Exchange and any other regulatory body having jurisdiction.

### **5. Option Price**

Subject to any applicable Exchange approval, the Board shall fix the Option Price at the time the Option is granted to a Participant. In no event shall the Option Price be less than the Market Price at the date of grant.

### **6. Term of Option**

The term of the Option shall be a period of time fixed by the Board, not to exceed the maximum period of time permitted by the Exchange and, unless the Board determines otherwise, Options shall be exercisable in whole or in part at any time during this period in accordance with such vesting provisions, conditions or limitations (including applicable hold periods) as are herein contained or as the Board may from time to time impose or as may be required by the Exchange or under applicable securities laws.

Each Option and all rights thereunder shall be expressed to expire at the relevant Expiry Time, but shall be subject to earlier termination in accordance with any stock option agreement entered into hereunder or in accordance with Article 12 hereof.

Subject to any specific requirements of the Exchange, the Board shall determine the vesting period or periods within the Option term during which a Participant may exercise Options or a portion thereof.

### **7. Exercise of Option**

Subject to the provisions of the Plan and the terms of any stock option agreement, an Option or a portion thereof may be exercised, from time to time, by delivery to the Corporation's principal office in St. John's, Newfoundland and Labrador, of the Exercise Notice. The Exercise Notice shall (i) state the intention of the Participant or the Participant's legal personal representative to exercise the said Option or a portion thereof, (ii) specify the number of Common Shares in respect of which the Option is then being exercised, (iii)



subject to Article 8 hereof, be accompanied by the full Option Price of the Common Shares which are the subject of the exercise and (iv) to the extent that Article 18 hereof applies, be accompanied by the amount necessary to permit the Corporation to remit any withholding taxes to any governmental authority pursuant to paragraph 18(a)(i) hereof. Such Exercise Notice shall contain the Participant's undertaking to comply, to the satisfaction of the Corporation, with all applicable requirements of the Exchange and any applicable regulatory authorities.

### **8. Cashless Exercise**

Subject to Article 18 hereof and any other provision of the Plan and the terms of any stock option agreement, a Participant may elect to exercise an Option or a portion thereof held by the Participant by surrendering such Option or a portion thereof in exchange for the issuance of that number of Common Shares having a fair market value equal to the amount by which (i) the product of the number of Common Shares issuable upon the exercise of such Option multiplied by the Market Price of the Common Shares (as at the date of exercise) underlying such Option exceeds (ii) the aggregate Option Price for all of the Options being exercised. Options may be exercised pursuant to this Article 8 from time to time by delivery to the Corporation's principal office in St. John's, Newfoundland and Labrador, of the Exercise Notice specifying that the Participant has elected a cashless exercise of such Options and the number of Options to be exercised. The Corporation will not be required, upon the exercise of any Options pursuant to this Article 8, to issue fractions of Common Shares or to distribute certificates which evidence fractional Common Shares. In lieu of fractional Common Shares, there will be paid to the Participant by the Corporation upon the exercise of such Options pursuant to this Article 8 within ten (10) business days after the exercise date, an amount in lawful money of Canada equal to the then fair market value of such fractional interest (as determined by the Committee), provided that the Corporation will not be required to make any payment, calculated as aforesaid, that is less than \$10.00. Upon exercise of the foregoing, the number of Common Shares actually issued shall be deducted from the number of Common Shares reserved with the Exchange for the future issuance under the Plan and the balance of the Common Shares that were issuable pursuant to the Options so surrendered shall be considered to have been cancelled and available for further issuance.

### **9. Adjustments in Shares**

If the outstanding Common Shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision or consolidation, an appropriate and proportionate adjustment shall be made by the Board, in its discretion, in the number or kind of shares optioned and the exercise price per share, as regards previously granted and unexercised Options or portions thereof, and as regards Options which may be granted subsequent to any such change in the Corporation's capital.

Determinations by the Board as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. The Corporation shall not be obligated to issue fractional securities in satisfaction of any of its obligations hereunder.

### **10. Accelerated Vesting**

In the event that certain events such as a Take-over Bid, liquidation or dissolution of the Corporation or a re-organization, plan of arrangement, amalgamation, merger or consolidation of the Corporation with one or more entities, as a result of which the Corporation is not the surviving entity, are proposed or contemplated, the Board may, notwithstanding the terms of this Plan or stock option agreements issued hereunder (a) exercise its discretion, by way of resolution, to permit accelerated vesting of Options on such terms as the Board sees fit at that time, and (b) in the event of an acceleration of vesting as referred to in (a), exercise its discretion, by way of resolution, to cause the Options to terminate after the end of the period of accelerated vesting on such terms as the Board sees fit at that time, even if such termination of the Options is prior to the normal Expiry Time of the Options. If the Board, in its sole discretion, determines that the Common Shares subject to any Option granted hereunder shall vest on an accelerated basis, all Participants entitled to exercise an unexercised portion of Options then outstanding shall have the right at



such time, upon written notice being given by the Corporation, to exercise such Options to the extent specified and permitted by the Board, and within the time period specified by the Board, which shall not extend past the Expiry Time.

In addition to the above, an Option may provide for acceleration of the vesting provisions contained therein upon other events of change of control of the Corporation, on such terms as the Board determines in its sole discretion at the time of the grant of the Option.

Where the accelerated vesting provisions of this Article 10 apply, the Corporation may satisfy any obligations to a Participant hereunder by paying to the Participant in cash the difference between the exercise price of all unexercised Options granted hereunder and the fair market value of the securities to which the Participant would be entitled upon exercise of all unexercised Options.

### **11. Decisions of the Board**

All decisions and interpretations of the Board respecting the Plan or Options granted hereunder shall be conclusive and binding on the Corporation and the Participants and their respective legal personal representatives and on all directors, officers, employees and Service Providers of the Corporation who are eligible to participate under the Plan.

### **12. Ceasing to be a Director, Officer, Employee or Service Provider**

Subject to the terms of the applicable stock option agreement, in the event of the Participant ceasing to be a director, officer, employee or Service Provider of the Corporation or a Subsidiary for any reason other than death, including the resignation or retirement of the Participant or the termination by the Corporation or a Subsidiary of the employment of the Participant, prior to the Expiry Time, such Option may be exercised as to such of the Common Shares in respect of which the Option has not previously been exercised (and as the Participant would have been entitled to exercise) at any time up to and including (but not after) the earlier of the Expiry Time and a date that is ninety (90) days following the effective date of such notice of resignation or retirement or a date that is ninety (90) days following the date notice of termination of employment is given by the Corporation or a Subsidiary, subject to such shorter period as may be otherwise specified in a stock option agreement, whether such termination is with or without reasonable notice, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

In consideration of the Option hereby granted, in the event of the resignation or retirement of the Participant or the termination of employment by the Corporation without cause, the Participant hereby covenants not to sue the Corporation for damages arising from the loss of rights granted hereunder and releases the Corporation from any damages.

Notwithstanding the foregoing, in the event of termination for cause, such Option shall expire and terminate immediately at the time of delivery of notice of termination of employment for cause to the Participant by the Corporation or a Subsidiary and shall be of no further force or effect whatsoever as to the Common Shares in respect of which an Option has not previously been exercised.

In the event of the death of a Participant on or prior to the Expiry Time, such Option may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to exercise) by the legal personal representative(s) of the Participant, at any time up to and including (but not after) the earlier of the Expiry Time and a date that is one (1) year from the date of death of the Participant, subject to such shorter period as may be otherwise specified in a stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

In the event of the Permanent Disability of a Participant on or prior to the Expiry Time, such Option may be exercised as to such of the Common Shares in respect of which such Option has not previously been exercised (and as the Participant would have been entitled to exercise) by the legal personal



representative(s) of the Participant, at any time up to and including (but not after) the earlier of the Expiry Time and a date that is six (6) months from the date of Permanent Disability of the Participant, subject to such shorter period as may be otherwise specified in a stock option agreement, after which date the Option shall forthwith expire and terminate and be of no further force or effect whatsoever.

Options shall not be affected by any change of employment of the Participant where the Participant continues to be employed by the Corporation or any Subsidiary.

### **13. Transferability**

All benefits, rights and Options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange.

### **14. Amendment or Discontinuance of Plan**

The Board may amend or discontinue the Plan at any time without the consent of the Participants, provided that such amendment shall not alter or impair any Option previously granted under the Plan except as permitted herein, and that such amendment or discontinuance has been approved by the Exchange, and where necessary, by the shareholders.

### **15. Participants' Rights**

A Participant shall not have any rights as a shareholder of the Corporation until the issuance of a certificate for Common Shares, upon the exercise of an Option or a portion thereof, and then only with respect to the Common Shares represented by such certificate or certificates.

Nothing in the Plan or any Option shall confer upon any Participant any rights to continue in the employ of the Corporation or any Subsidiary or affect in any way the right of the Corporation or any such Subsidiary to terminate the employment of the Participant at any time; nor shall anything in the Plan or any option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any such Subsidiary to extend the employment of any Participant beyond the time such Participant would normally retire pursuant to the provisions of any present or future retirement plan of the Corporation or any Subsidiary, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any contract of employment with the Corporation or any Subsidiary.

### **16. Approvals**

This Plan shall be subject, if applicable, to the approval of the Exchange or other regulatory body having jurisdiction at that time and, if so required thereby, to the approval of the shareholders of the Corporation.

Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless such approval and acceptance is given.

### **17. Government Regulation**

The Corporation's obligation to issue and deliver Common Shares under any Option is subject to:

- (a) the satisfaction of all requirements under applicable securities laws in respect thereof and the obtaining of all regulatory approvals as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;
- (b) the admission of such Common Shares to listing on any stock exchange on which such Common Shares may then be listed; and



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

In this regard, the Corporation shall take all reasonable steps to obtain such approvals and registrations as may be necessary for the issuance of such Common Shares and for the listing of such Common Shares on the Exchange, in compliance with applicable securities laws. If any shares cannot be issued to any Participant for whatever reason, the obligation of the Corporation to issue such shares shall terminate and the Option Price paid to the Corporation will be returned to the Participant.

### **18. Withholding Taxes**

- (a) If, in connection with the exercise by a Participant of an Option or a portion thereof in accordance with the provisions of Article 7 or Article 8 hereof, the Corporation is required under the Income Tax Act (Canada) or any other applicable law to make source deductions in respect of any stock option benefits and to remit to the applicable governmental authority an amount on account of tax on the value of the taxable benefit associated with the issuance of Common Shares on exercise of Options (“Withholding Obligations”), then the Participant shall, in addition to the payment of the Option Price pursuant to Article 7 hereof or the surrendering of an Option or a portion thereof pursuant to Article 8 hereof:
  - (i) pay to the Corporation sufficient cash as is reasonably determined by the Corporation to be the amount necessary to satisfy the Withholding Obligations; or
  - (ii) make other arrangements acceptable to the Corporation to fund the Withholding Obligations.
- (b) It is the responsibility of the Participants to ensure that they adhere to tax legislation in their jurisdiction regarding the reporting of benefits derived from the exercise of Options.
- (c) In the event any taxation authority should reassess the Corporation for failure to have withheld income tax, or other similar payments from a Participant, pursuant to the provisions herein, the Participant shall reimburse and save harmless the Corporation for the entire amount assessed, including penalties, interest and other charges.

### **19. Costs**

The Corporation shall pay all costs of administering the Plan.

### **20. Interpretation**

This Plan shall be governed by and construed in accordance with the laws of the Province of Newfoundland and Labrador.

### **21. Compliance with Applicable Law**

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

### **22. Effective Date of Plan**

The Plan has been adopted by the Board subject to the approval of the shareholders of the Corporation and, if so approved, the Plan shall become effective as of the date of adoption of the Plan by the shareholders of the Corporation.



