



# ALTIUS MINERALS CORPORATION

Notice and Management Information Circular

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for the Annual and Special Meeting to be held on Tuesday, September 13, 2016

July 27, 2016



# ALTIUS MINERALS CORPORATION

## ALTIUS MINERALS CORPORATION NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS September 13, 2016

**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 Johnson Geo Centre, 175 Signal Hill Road, St. John’s, NL at 11:00 AM (NLT) on Tuesday, September 13, 2016, for the following purposes:

**to receive the consolidated financial statements of the Corporation for its financial year ended April 30, 2016, together with the report of the auditors thereon;**  
**to appoint the auditors of the Corporation and to authorize the directors to fix the auditors’ remuneration;**  
**to elect directors;**  
**to approve the adoption of the Corporation’s shareholder rights plan agreement; and**  
**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 online. 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 on 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, Equity Financial Trust Company at Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, Fax: (416) 595-9593, Toll-free: 1-866-393-4891. 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, July 27, 2016.

By Order of the Board,

John Baker, Chairman of the Board



## Notes

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 Equity Financial Trust Company, 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 11:00 AM (NLT) on Friday, September 9, 2016, 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.

Only holders of Common Shares of record at the close of business on July 28, 2016 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 properly 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.

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 Equity Financial 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 11:00 AM (NLT) on Friday, September 9, 2016, 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.

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 Johnson Geo Centre, 175 Signal Hill Road, St. John’s, NL at 11:00 AM (NLT) on Tuesday, September 13, 2016 and at any adjournment or postponement thereof. Proxies must be deposited with Equity Financial 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 11:00 AM (NLT) on Friday, September 9, 2016, 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, 2016 will be entitled to vote at the Meeting, except to the extent that a holder of record has transferred any of such Common Shares and the transferee of such Common Shares properly establishes 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 form of proxy and any voting instructions confer discretionary authority upon the persons named therein with respect to matters not specifically mentioned in the Notice of Meeting but which may properly come before the Meeting or any adjournment(s) or postponement(s) thereof, and with respect to amendments to or variations of matters identified in the Notice of Meeting. As at the date hereof, management knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting and routine matters incidental to the conduct of the Meeting. If any further or other business is properly brought before the Meeting, it is intended that the persons appointed as proxy will vote on such other business in such manner as such persons then consider to be proper.

**The persons named in the enclosed form of proxy and voting instruction form are officers or directors of the Corporation (the “Management Nominees”). As a Shareholder you have the right to appoint a person other than the Management Nominees, 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 Shareholders 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 supplementary mailing 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/or interim financial statements.

Shareholders can obtain a copy of the Circular online at:

<http://noticeinsite.tsxtrust.com/AltiusMineralsCorporationASM2016>, [www.altiusminerals.com](http://www.altiusminerals.com) and also on SEDAR under the Corporation’s profile.

Shareholders may obtain a paper copy of this Circular or address any questions about Notice and Access by contacting the Corporation’s transfer agent, Equity Financial Trust Company at Suite 300, 200 University Avenue, Toronto, Ontario, M5H 4H1, Fax: (416) 595-9593, Toll-free: 1-866-393-4891. In order to receive paper copies of these materials in time to vote before the Meeting, your request should be received by September 1, 2016.

### **1.3 Voting by 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, 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 Nominees 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 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 Nominees 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, Equity Financial 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 11:00 AM (NLT) on Friday, September 9, 2016, 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”.



### **1.3.2 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 may have completed earlier upon your request. At the Meeting, you should see a representative of Equity Financial Trust Company, the Corporation's transfer agent.

### **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 Equity Financial Trust Company so that it is received before 5:00 p.m. (NLT) on September 9, 2016;
- 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, you may wish to contact the Corporation's transfer agent, Equity Financial 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 ("VIF") in the Notice Package should carefully follow the instructions provided to ensure their vote is counted.

Subject to the terms of your VIF, 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 auditors of the Corporation and (3) the adoption of the Corporation's shareholders rights plan. See "Business of the Meeting".

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

Only registered Shareholders, or the persons they appoint as their proxyholders, are permitted to vote at the Meeting. Non-registered Shareholders cannot vote in person at the Meeting without submitting appropriate instructions.

If you are a non-registered Shareholder and wish to vote in person at the Meeting, you may wish to write your name in the space provided to appoint yourself or your representative to vote at the Meeting, on the





VIF provided to you or contact your broker or agent well in advance of the Meeting to determine how you or your representative can do so. Your Voting Instruction Form (“VIF”) must be submitted before the proxy filing deadline. Please refer to instructions provided on your VIF regarding the timeline to file your voting instructions. At the Meeting, you or your representative should contact the scrutineer of the Meeting.

### **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 VIF 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 July 28, 2016, 43,425,654 Common Shares were issued and outstanding. As a Shareholder, you are entitled to one vote for each Common Share that you own. Under the by-laws of the Corporation, the quorum for the Meeting is constituted by 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 as at and for the financial year ended April 30, 2016, together with the report of the auditors thereon, will be submitted to 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) or on the Corporation’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.

Prior to making the recommendation, the Audit Committee requested proposals from five public accounting firms to conduct the April 30, 2017 audit and related work. Based on the written proposals received, the Committee conducted in-person interviews with three of the public accounting firms and recommended that Deloitte LLP be retained as auditors for the upcoming fiscal year. Factors considered in the decision included proposed costs, local public company and mining company experience, and access to technical expertise.

Information on compensation paid to the auditors is disclosed in the Corporation’s 2016 Annual Information Form for the year ended April 30, 2016, which is available on the Corporation’s website at [www.altiusminerals.com](http://www.altiusminerals.com) and was also filed on SEDAR at [www.sedar.com](http://www.sedar.com).

**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 to authorize 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 seven (7). 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 deliberations of the Board or any committee of the Board while the resignation is under consideration.

The Corporation has adopted a by-law in respect of advance notice requirements 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.

This 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. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the announcement in respect of such meeting was made. 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](http://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, 2016; 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 Nominees to vote at their discretion for any other person or persons as directors.**

<p><b>Brian Dalton, 43</b>  <i>President and Chief Executive Officer of the Corporation</i>  Newfoundland and Labrador, Canada</p> <p>Committees: N/A</p> <p>Common Shares: 1,315,144<sup>1</sup></p> <p>Options: 98,664  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 19 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><b>Board Details:</b></p> <ul style="list-style-type: none"> <li>• Director since 1997</li> <li>• Meetings attended:  - Board: 8 of 8</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., 63</b>  <i>Executive Chairman of the Corporation</i>  Newfoundland and Labrador, Canada</p> <p>Committees: N/A</p> <p>Common Shares: 606,372<sup>2</sup></p> <p>Options: 53,203  DSUs: 18,771  RSUs: 13,589</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 on numerous public company and volunteer boards and has received several awards for public service.</p> <p><b>Board Details:</b></p> <ul style="list-style-type: none"> <li>• Director since 1997; Chairman since November 2006; Executive Chairman since June 2014</li> <li>• Meetings attended:  - Board: 8 of 8</li> <li>• Non-independent Board Member (Executive Chairman of the Corporation, formerly partner of firm which provides legal services to the Corporation)</li> <li>• Indebtedness to Corporation: <i>Nil</i></li> </ul>
<p><b>Susan Sherk, 72</b>  <i>Retired Consultant, AMEC Foster Wheeler plc, an Engineering and Project Management Services Company,</i>  Newfoundland and Labrador, Canada</p> <p>Committees: Audit, Compensation, Corporate Governance*</p> <p>Common Shares: 22,525</p> <p>Options: Nil  DSUs: 26,599</p> <p>RSUs: Nil</p>	<p>Susan is based in Newfoundland and Labrador where she has been very active in corporate and public sector capacities. She has been a director of IGM Financial Inc. since 1994, is chair of its Community Affairs Committee and a member of the Executive, Compensation and Related Party and Conduct Review Committee. She is a former director of the Public Sector Pension Investment Board, a former Assistant Deputy Minister of the Government of Newfoundland and Labrador and a former senior manager with Michelin Tires Canada, Mobil Oil (Canada) and Mobil Corporation. Susan has extensive experience in socio-economic issues related to resource development projects in Newfoundland and Labrador and internationally and has won national awards for her activities in this area.</p> <p><b>Board Details:</b></p> <ul style="list-style-type: none"> <li>• Director since 2006; Chair of the Corporate Governance Committee; member of the Compensation Committee; past member of the Audit Committee</li> <li>• Meetings attended:  - Board: 8 of 8  - Audit Committee: 2 of 4  - Compensation Committee: 6 of 6  - Corporate Governance Committee: 2 of 2</li> <li>• Independent Board Member  Indebtedness to Corporation: <i>Nil</i></li> </ul>
<p><b>Donald Warr, FCA, 71</b>  <i>Partner, Blackwood &amp; Warr Chartered Accountants</i>  Newfoundland and Labrador, Canada</p> <p>Committees: Audit</p> <p>Common Shares: 107,512</p> <p>Options: Nil  DSUs: 26,599</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><b>Board Details:</b></p> <ul style="list-style-type: none"> <li>• Director since 2005; Member of the Audit Committee</li> <li>• Meetings attended:  -Board: 8 of 8  -Audit Committee: 4 of 4</li> <li>• Independent Board Member</li> <li>• Indebtedness to Corporation: <i>Nil</i></li> </ul>

<p><b>Fred Mifflin, 57</b>  <i>Vice Chairman, Blair Franklin Capital Partners Inc.</i>  Ontario, Canada</p> <p>Lead Independent Director  Committees: Audit*, Compensation, Corporate Governance  Common Shares: 41,704  Options: Nil  DSUs: 26,599</p> <p>RSUs: Nil</p>	<p>Fred is a native of Newfoundland and Labrador and is Vice Chairman of 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><b>Board Details:</b></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: 4 of 4</li> <li>- Compensation Committee: 6 of 6</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: 22,490</p> <p>Options: Nil</p> <p>DSUs: 24,276</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 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, is on the Advisory Panel of Mines &amp; Money, London and is a non-executive director of Gold Standard Ventures.</p> <p><b>Board Details:</b></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: 8 of 8</li> <li>- Compensation Committee: 6 of 6</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, 51</b>  <i>Executive Chair of Eco Oro Minerals Corp.</i>  Vancouver, Canada  Committees: Audit, Corporate Governance</p> <p>Common Shares: 44,499</p> <p>Options: Nil</p> <p>DSUs: 4,308</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 Executive Chair of Eco Oro Minerals Corp. (formerly Greystar Resources) and a Director of Entrée Gold, Capfin Partners, and the Fraser Institute.</p> <p><b>Board Details:</b></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: 2<sup>3</sup> of 4</li> <li>- Corporate Governance Committee: 1<sup>4</sup> of 2</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.

<sup>3</sup>Ms. Stylianides replaced Ms. Sherk on the Audit Committee in September 2015, halfway through the fiscal year.

<sup>4</sup>Ms. Stylianides became a member of the Corporate Governance Committee in September 2015, halfway through the fiscal year.

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 2,390,594 Common Shares representing approximately 5.3% 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 are 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.

## 2.4 Adoption of Shareholders Rights Plan

In order to ensure, to the extent possible, that Shareholders are treated fairly in connection with any take-over bid for the Corporation, the Board determined that it was advisable and in the best interests of the Corporation to implement a shareholder rights plan having the terms and conditions set out in the shareholder rights plan agreement dated July 27, 2016 between the Corporation and TSX Trust Company, as rights agent (the “**Rights Plan**”).

The Rights Plan has a 10-year term, which will expire on the tenth anniversary of its effective date, being July 27, 2026, conditional on and subject to confirmation by Shareholders at the third, sixth and ninth annual meetings of Shareholders following the Meeting. If the Rights Plan is not so confirmed or is not presented for confirmation at any of such annual meetings, the Rights Plan shall terminate and be void and of no further force and effect on and from the date of termination of the relevant annual meeting.

A summary of the principal terms and conditions of the Rights Plan is contained in Schedule “A”. Shareholders will be asked at the Meeting to consider and vote on a resolution, the text of which is set out below under the heading “Adoption by Shareholders” (the “**Rights Plan Resolution**”), to ratify and confirm the adoption of the Rights Plan.

The Rights Plan was not adopted in response to, or in anticipation of, any pending or threatened take-over bid and it is not intended to and will not prevent a take-over of the Corporation. The Rights Plan does not do away with the duty of the Board to act honestly, in good faith, in the best interests of the Corporation and its Shareholders, and to consider on that basis any offer made, nor does the Rights Plan alter the proxy mechanisms to change the Board, create dilution on the initial issue of the rights or change the way in which Common Shares trade.

### 2.4.1 Objectives of the Rights Plan

On May 9, 2016, significant amendments to the Canadian take-over bid regime came into force. Of particular significance, the minimum period a take-over bid must remain open for deposits of securities was extended to 105 days (from the previous 35 days), with the ability of the target issuer to voluntarily reduce the period to not less than 35 days. In addition, the ability of an offeror to conduct a “partial” bid was restricted as an offeror can now not take-up securities under a take-over bid unless more than 50% of the outstanding securities owned by persons other than the offeror and any joint actors have been deposited. The Rights Plan is consistent with these amendments and requires that a take-over bid for the securities of the Corporation satisfy certain minimum standards intended to promote fairness or have the approval of the Board, by:

- (i) protecting against “creeping bids” (the accumulation of more than 20% of the Common Shares through purchases exempt from Canadian take-over bid rules, such as (A)

purchases from not more than five shareholders under private agreements at a premium to the market price (not more than 15% over a 20 day moving average) not available to all Shareholders, (B) acquiring control through the slow accumulation of Common Shares over a stock exchange (not more than 5% per year) without paying a control premium, or (C) through other transactions outside of Canada not subject to Canadian take-over bid rules), and requiring the bid to be made to all Shareholders;

- (ii) preventing a potential acquiror from entering into lock-up agreements with existing Shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan; and
- (iii) by requiring take-over bids to satisfy such minimum standards, the Board wants to allow all Shareholders to benefit from the acquisition of a control position of 20% or more of the Common Shares, and allow the Board to have sufficient time to explore and develop all options for maximizing Shareholder value in the event a person tries to acquire a control position in the Corporation. Under the Rights Plan, potential acquirors are prevented from accumulating effective control of the Corporation or a blocking position against other offerors except by way of a Permitted Bid (as further described in Schedule “A” to the Circular).

#### **2.4.2 Effect of the Rights Plan**

It is not the intention of the Board to entrench themselves or avoid a bid for control that is fair and in the best interests of the Corporation and the Shareholders. For example, Shareholders may tender to a bid which meets the Permitted Bid criteria without triggering the Rights Plan, regardless of the acceptability of the bid to the Board.

Furthermore, even in the context of a bid that does not meet the Permitted Bid criteria, the Board must act honestly and in good faith with a view to the best interests of the Corporation and its Shareholders. Generally, the board of directors of a corporation confronted with an unsolicited take-over bid will not be allowed to maintain a shareholder rights plan in place indefinitely to keep a bid from the shareholders; however, Canadian securities regulators have indicated that so long as the board is actively and realistically seeking value-maximizing alternatives, shareholder rights plans serve a legitimate purpose.

The Board believes that the dominant effect of the Rights Plan will be to enhance shareholder value, ensure equal treatment of all Shareholders in the context of an acquisition of control, and lessen the pressure upon a Shareholder to tender to a bid.

#### **2.4.3 Adoption by Shareholders**

If the Rights Plan Resolution is ratified and confirmed at the Meeting, the Rights Plan will be adopted and remain in effect until the tenth anniversary of its effective date, being July 27, 2026, subject to confirmation by Shareholders at the third, sixth and ninth annual meetings of Shareholders following the Meeting. If the Rights Plan Resolution is not ratified and confirmed at the Meeting, the Rights Plan will terminate on the date of the Meeting or any adjournment thereof.

The complete text of the Rights Plan is available upon request and is also available electronically on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation’s profile. Shareholders wishing to receive a copy of the Rights Plan from the Corporation should submit their request by telephone (709) 576-3440, toll free: 1-877-576-2209 or by facsimile (709) 576-3441, or by mail to 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. Attention: Corporate Secretary.

The Rights Plan Resolution provides as follows:



“RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The shareholder rights plan, substantially as described in Schedule “A” of the Circular and dated July 27, 2016 between the Corporation and TSX Trust, as rights agent, be and is hereby ratified and confirmed;
2. The making on or prior to the date hereof of any revisions to the Rights Plan as may be required by any stock exchange or proxy advisory firm, as may be approved by any director or officer of the Corporation, is hereby authorized and approved; and
3. Any director or officer of the Corporation is authorized and directed, for and on behalf of the Corporation, to do, or cause to be done, all such acts and things and to execute, whether under the corporate seal or otherwise, and to deliver, or cause to be delivered, such other documents, agreements, certificates and statements, as any such director or officer may deem necessary or desirable in order to carry out the foregoing resolutions, the authority for the execution of such documents, agreements, certificates and statements and the doing of such other acts or things to be conclusively evidenced thereby.”

**The Board unanimously recommends that Shareholders approve the ratification and confirmation of the Rights Plan by voting FOR the Rights Plan Resolution. Unless authority is withheld, the Common Shares represented by the accompanying form of proxy will be voted FOR the Rights 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, 2016 and why. The NEOs for the financial year ended April 30, 2016 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 and respective Committee chairs.

In 2015, subsequent to a review of the Corporation’s evolving business and strategy, the Compensation Committee undertook a review of the Corporation’s executive compensation policies and practices. The Committee retained Hugessen Consulting Inc. (“Hugessen”) to provide independent advice.

### 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, 2016, 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"). 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 Executive Chairman, CEO, 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 meets at least once 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 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. The Committee's mandate also requires the Committee to evaluate the functioning of the Committee on an annual basis.

#### 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.

### 3.3 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.

In 2014, in view of the changing nature of the Corporation's business from primarily a mineral exploration project generator to a royalty creation and investment company, the Compensation Committee, in consultation with senior executives, decided to move from the former direct-drive compensation program to a more typical STIP/LTIP framework (the "**Compensation Plan**"). The new Compensation Plan 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 new 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 2016*

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 2016 is shown in the following table:

NEO	Percentage <sup>1</sup> of Total Direct Compensation in FY'2016			Percentage of pay at risk
	Base Salary	STIP <sup>2</sup>	LTIP <sup>2</sup>	
Brian Dalton	40%	30%	30%	60%
John Baker	50%	25%	25%	50%
Ben Lewis	52%	24%	24%	48%
Chad Wells	52%	24%	24%	48%
Lawrence Winter	52%	24%	24%	48%

**Notes**

<sup>1</sup>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, though it does not attempt to set pay levels at a specific percentile of the pay levels of its comparator group.

In fiscal 2008 and 2010, Altius undertook such a review, the latter with the help of Hugessen. In 2014 Hugessen, under contract to Altius, undertook a comprehensive independent review which included both appropriate industry and Atlantic Canada comparator groups for each of the senior executive positions. This data helped to determine a competitive base salary and target bonus for each of the senior executives in the current Compensation Plan.

### 3.4 How Altius Makes Executive Compensation Decisions

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 the past, the compensation of executive officers was determined in part with reference to compensation levels at peer companies surveyed by the Compensation Committee, recognizing the historically modest cash compensation paid during the Corporation's development, and utilizing stock options as the principal means to retain and motivate key executives by linking compensation to share price performance.

The Committee met six times during the current year in order to set targets for each discipline (Financial, Development, Personal) and to discuss achievements relevant to these targets before concluding the final proposal to the Board of Directors

#### 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 versus the 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 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 a financial (40%), developmental (40%) and individual (20%) component. Within the financial metric, the determining factor in meeting target is based on operating income per share (“OIPS”), which is defined as operating income divided by the weighted average fully diluted shares outstanding. If the target is met, 100% of this component (40%) of aggregate STIP is paid out; if the target is exceeded, the payout increases proportionally up to a maximum threshold of 250% of target; within 15% below target, payout will decrease proportionately and no payout is paid if actual performance is less than 85% of target. The target OIPS for fiscal 2016 was \$0.70, based on internal budgets at the beginning of the period including discussion between the compensation committee and management. The developmental metric (40% weighting within aggregate STIP) measures non-recurring activities that lead to sustainability and growth of the Corporation’s business. To achieve target payout, the senior executives establish a number of broad and specific targets each fiscal year and the Compensation Committee determines whether and to what degree these targets are met. In general, these specific objectives fall into the following four categories: (1) project prospecting, (2) development and realization, (3) asset integration and protection and (4) sustainably, health and safety and communications. The final component of individual performance (20%) is evaluated by the Compensation Committee following both a self evaluation and discussion between the Committee and CEO/Executive Chairman. This evaluation focuses on leadership, teamwork, individual growth, and commitment to Corporation growth and to good governance. The Executive Chairman advises the Committee on the performance of the CEO and vice versa.

In addition to the above, the senior executive, excluding the CEO and Executive Chair, have an option to participate in a 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 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. All eligible senior executives recently acquired Common shares in the public market to qualify for this incentive.

Notwithstanding the foregoing principles, the Board reserves the right to amend and/or terminate any aspect of the compensation program, including adjusting the mix of short-term and long-term incentives, for a variety of reasons (e.g. if 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 2016, 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 are valued at the time of the award based on the share price at the time of award and vest equally over three years. The options are valued at the time of the award based on Black Scholes and vest equally over four years.

### **3.4.4 2016 Bonus Award**

Based on the above principles, the Compensation Committee concluded that for the 2016 fiscal year a payment of 76% would be awarded. The range of each annual award is between 0% and 250%; thus, the award for 2016 is equivalent to 30% of maximum.

This was made up and weighted from the score sheet described above. In summary, the final award is broken down as follows:

- Financial: 0% (financial target was below required parameters)
- Developmental: 140% (largely influenced by the acquisition of Chapada copper stream, and the concurrent debt refinancing and equity financing)
- Personal: 100%

The Committee uses its discretion to score the relevant Developmental and Personal targets.

#### Comparison of 2016 to 2015

The 2016 Bonus award was 42% lower than the corresponding period in 2015. The award amounted to 2.75% of reported EBITDA (2015: 5.57%). Previously awarded Options and RSU's in 2015 fell 27% in value during the period.

#### Affordability of the 2016 Bonus Award

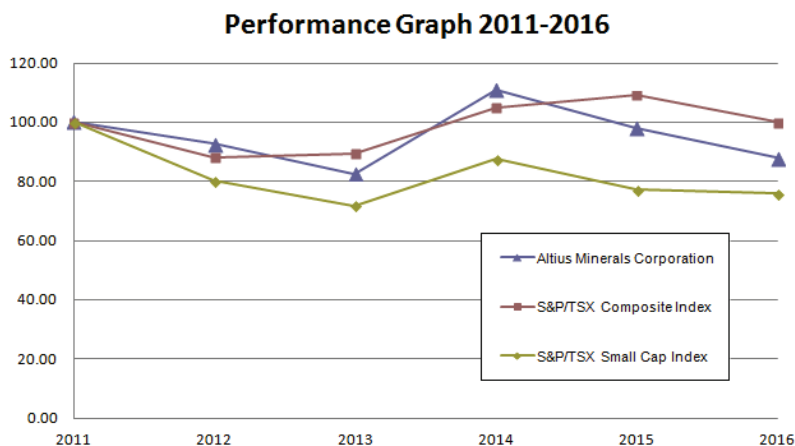
Considering the balance sheet and anticipated cash requirements, the Committee concluded the Bonus award was affordable for the Company.

### 3.4.5 Perquisites & Benefits

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

## 3.5 Performance Graph

The following graph illustrates the Corporation's shareholder return on a yearly basis with the starting point being April 30, 2010, assuming an initial investment of \$100 on April 30, 2016 compared to the S&P/TSX Composite Index and Smallcap Index, for the comparable period.



## 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.

As discussed above, the current year incentive payout was 42% lower than the prior year thus aligning compensation with the recent share performance. In addition, the value of the unvested LTIP awards from

2015 declined by 27% from the initial value awarded. The Compensation Committee believes that the change in compensation levels adequately matches the overall trend in share performance.

### 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 (\$)	Total (\$)
					Annual Incentive Plans (\$)	Long- Term Incentive Plans (\$)			
<b>Brian Dalton,</b> <i>President &amp; CEO/Director</i> <sup>2</sup>	2016	350,000	133,000	133,000	266,000	-	-	-	882,000
	2015	350,000	238,700	238,700	477,400	-	-	-	1,304,800
	2014	300,000	-	-	225,000	-	-	-	525,000
<b>John Baker,</b> <i>Executive Chairman</i> <sup>3</sup>	2016	350,000	79,800	79,800	159,600	-	-	-	644,200
	2015	282,831	119,350	119,350	238,700	-	-	-	760,231
	2014	n/a							
<b>Ben Lewis,</b> <i>Chief Financial Officer</i>	2016	225,000	51,300	51,300	102,600	-	-	-	430,200
	2015	225,000	92,050	92,050	184,100	-	-	-	593,200
	2014	175,000	-	-	181,250	-	-	-	356,250
<b>Chad Wells,</b> <i>V.P. Corporate Development</i>	2016	175,000	39,900	39,900	79,800	-	-	-	334,600
	2015	175,000	71,600	71,600	143,200	-	-	-	461,400
	2014	150,000	-	-	112,500	-	-	-	262,500
<b>Lawrence Winter,</b> <i>V.P. Exploration</i>	2016	175,000	39,900	39,900	79,800	-	-	-	334,600
	2015	175,000	71,600	71,600	143,200	-	-	-	461,400
	2014	150,000	-	-	112,500	-	-	-	262,500

#### 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 compensation is for his role as a director of the Corporation.

<sup>3</sup>None of Mr. Baker's compensation is for his role as a director of the Corporation prior to his appointment as Executive Chairman in June 2014.



## 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, 2016, the end of the most recently completed fiscal year.

Name & Principal Position	Option-Based Awards				Share-Based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested (\$)	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>	59,957	14.25	24/07/2020	-	17,822	199,963	-
<b>John Baker,</b> <i>Executive Chairman</i>	29,979	14.25	24/07/2020	-	8,911	99,981	210,061
<b>Ben Lewis,</b> <i>Chief Financial Officer</i>	23,121	14.25	24/07/2020	-	10,706	120,121	-
<b>Chad Wells,</b> <i>V.P. Corporate Development</i>	17,985	14.25	24/07/2020	-	8,272	92,812	-
<b>Lawrence Winter,</b> <i>V.P. Exploration</i>	17,985	14.25	24/07/2020	-	8,373	93,945	-

### 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>	72,501	-	-
<b>John Baker</b>	-	-	-
<b>Ben Lewis</b>	43,500	-	-
<b>Chad Wells</b>	43,500	-	-
<b>Lawrence Winter</b>	43,500	-	-

**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.

## 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 2016, non-executive Board members received compensation by way of payment per annum, with Committee chairs receiving an additional payment per annum and the Chairman of the Board 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 2016, the cash 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 2016 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 2016.

Name	Committee Chair	Fees Earned (\$)	Share-Based Awards (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Retirement Fund Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
<b>Fred Mifflin</b>	Lead Independent Director & Chair of Audit	69,250	50,000	-	-	-	-	119,250
<b>Susan Sherk</b>	Chair of Governance	51,250	50,000	-	-	-	-	101,250
<b>Donald Warr</b>	---	43,750	50,000	-	-	-	-	93,750
<b>Jamie Strauss</b>	Chair of Compensation	49,188	50,000	-	-	-	-	99,188
<b>Anna Stylianides<sup>1</sup></b>	---	37,750	50,000	-	-	-	-	87,750

<sup>1</sup> Ms. Stylianides joined the Board of the Company on 5th May 2015

### 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, 2016, 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	-	-	-	-	-	-	298,441
Susan Sherk	-	-	-	-	-	-	298,441
Don Warr	-	-	-	-	-	-	298,441
Jamie Strauss	-	-	-	-	-	-	272,377
Anna Stylianides	-	-	-	-	-	-	48,336

## 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	-	48,057	-
Susan Sherk	-	48,057	-
Donald Warr	-	48,057	-
Jamie Strauss	-	48,057	-
Anna Stylianides	-	48,057	-

### 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, 2016.

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	340,266	14.25	3,642,944
Equity Compensation Plans Not Approved by Security Holders	-	-	-
<b>TOTAL</b>	<b>340,266</b>	<b>14.25</b>	<b>3,642,944<sup>(1)</sup></b>

(1) Includes Common Shares issuable under the LTIP.

## 6.1 Directorships

Certain of the existing directors are presently directors of one or more other reporting issuers, as follows:

Director	Other Reporting Issuers
John Baker	Alderon Iron Ore Corp.
Susan Sherk	IGM Financial Inc.
Donald Warr	Newfoundland Capital Corporation
Jamie Strauss	Gold Standard Ventures Corp.
Anna Stylianides	Eco Oro Minerals Corp., Entrée Gold Inc., and Sabina Gold and Silver Corp.

## 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	532,000	-	199,963	1,431,963
<b>John Baker</b> <i>Executive Chairman</i>	700,000	319,200	-	99,981	1,119,181
<b>Ben Lewis</b> <i>Chief Financial Officer</i>	450,000	205,200	-	120,121	775,321
<b>Chad Wells</b> <i>V.P. Corporate Development</i>	350,000	159,600	-	92,812	602,412
<b>Lawrence Winter</b> <i>V.P. Exploration</i>	350,000	159,600	-	93,945	603,545

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.

## 6.3 Option Re-pricings

The Corporation did not re-price any options during the fiscal year ended April 30, 2016.

## 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. Don 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. Brian Dalton, the CEO, and John Baker, 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 and Anna Stylianides 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, 2016, 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 corporate governance policies and making 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, 2016, the Corporate Governance Committee was comprised of Susan Sherk (Chair), Jamie Strauss and Anna Stylianides.

### **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, 2016, the Audit Committee was comprised of Fred Mifflin (Chair), Anna Stylianides and Don Warr, with Anna Stylianides replacing Susan Sherk in September 2015. 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 23, 2016, 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, 2016, the Compensation Committee was comprised of Jamie Strauss (Chair), Fred Mifflin, Susan Sherk.

## **7.4 Board Committee Meetings**

The Audit Committee and independent directors meet at least four times annually; the Compensation Committee meets at least once annually; and the Corporate Governance Committee meets at least semi-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 detailed 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 program 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-weekly 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. In fiscal 2016, 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 [www.altiusminerals.com](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 we would expect and seek 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 Board does not have a nominating committee as the directors believe that it functions effectively as a committee of the whole given the current size of the Board. However, the Corporate Governance Committee, which is comprised of independent directors, is formally responsible for coordinating the recruitment and recommendation of new candidates for election to the Board.

When considering a new Board member, the Corporation 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 rest 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 [www.altiusminerals.com](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 two 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 skill sets 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. The Corporation aims to ensure that at least 25% of the Board is comprised of 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, there are no women occupying executive officer positions with the

Corporation. However, the Corporation 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 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 INDEMNIFICATION AND INSURANCE**

The by-laws of the Corporation provide an indemnity to the directors and officers of the Corporation in certain circumstances. The indemnification agreements generally require that the Corporation indemnify and hold the indemnitees harmless to the fullest 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.

The Corporation ALSO 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 \$69,000 in respect of its directors and officers as a group for the 12 months ending December 14, 2016. 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 Nominees.

## 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, 2016. 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 JULY 27, 2016



Brian Dalton, Chief Executive Officer

# SCHEDULE "A" - SUMMARY OF SHAREHOLDER RIGHTS PLAN

The following is a summary of the principal terms of the Rights Plan. This summary is qualified in its entirety by reference to the text of the Rights Plan, which is available on SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile or by submitting a request by telephone (709) 576-3440, or toll free: 1-877-576-2209 or by facsimile (709) 576-3441, or by mail to 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. Attention: Corporate Secretary.

## 1. Term

The Rights Plan has a 10 year term, which will expire on the tenth anniversary of its effective date, being July 27, 2026, conditional on and subject to confirmation by Shareholders at the third, sixth and ninth annual meetings of Shareholders following the Corporation's annual meeting of Shareholders in 2016. If the Rights Plan is not so confirmed or is not presented for confirmation at any of such annual meetings, the Rights Plan shall terminate and be void and of no further force and effect on and from the date of termination of the relevant annual meeting.

## 2. Issue of Rights

One right (a "**Right**") will be issued and attached to each Common Share outstanding on the effective date of the Rights Plan and to each subsequently issued Common Share. The initial exercise price of each Right is an amount equal to ten times the average closing price of the Common Shares on the Toronto Stock Exchange on the date of the Rights Plan and the immediately preceding four consecutive trading dates on the Toronto Stock Exchange (the "**Exercise Price**"), subject to appropriate anti-dilution adjustments.

## 3. Rights Exercise Privilege

The Rights will separate from the Common Shares to which they are attached and will become exercisable at the time (the "**Separation Time**") that is ten (10) trading days after the earliest of: (i) a person (other than the Corporation or any of its subsidiaries) having acquired, or (ii) the commencement or announcement date in respect of a take-over bid to acquire, twenty percent (20%) or more of the Common Shares of the Corporation, other than by an acquisition pursuant to a Permitted Bid or Competing Permitted Bid. The acquisition by a person (an "**Acquiring Person**"), including persons acting in concert, of twenty percent (20%) or more of the Common Shares of the Corporation, other than by way of a Permitted Bid or Competing Permitted Bid in certain circumstances, is referred to as a "**Flip-in Event**".

Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the Corporation or an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. The issue of the Rights is not initially dilutive. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

## 4. Certificates and Transferability

Prior to the Separation Time, the Rights will be evidenced by a legend imprinted on certificates for Common Shares and will not be transferable separately from the attached Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Common Shares.

## 5. Permitted Bid Requirements

The requirements of a "Permitted Bid" include the following:

- (a) The takeover bid must be made by way of a takeover bid circular;



- (b) The takeover bid must be made to all holders of Common Shares, other than the offeror;
- (c) The takeover bid must contain, and the take-up and payment for securities tendered or deposited must be subject to, an irrevocable and unqualified provision that no securities will be taken up and paid for pursuant thereto (i) prior to the close of business on a date which is not less than 105 days following the date of the takeover bid and (ii) unless at such date as the securities will be taken up and paid for more than 50% of the securities held by independent Shareholders shall have been deposited or tendered pursuant to the takeover bid and not withdrawn;
- (d) The takeover bid must contain an irrevocable and unqualified provision that securities may be deposited pursuant thereto at any time during the period described in paragraphs (c)(i) and (c)(ii) above and that any securities deposited pursuant to the takeover bid may be withdrawn, until taken up and paid for; and
- (e) The takeover bid must contain an irrevocable and unqualified provision that if the conditions set forth in paragraphs (c)(i) and (c)(ii) above are satisfied the offeror will make a public announcement of that fact and unless the takeover bid is withdrawn it will remain open for deposits and tenders of securities for not less than 10 days from the date of such public announcement.

The Rights Plan allows a competing Permitted Bid (a “**Competing Permitted Bid**”) to be made while a Permitted Bid is in existence. A Competing Permitted Bid means a takeover bid that (a) is made after a Permitted Bid has been made and prior to the expiry of such Permitted Bid; (b) satisfies each element of the definition of a Permitted Bid other than paragraph (c)(i) above, and (c) contains, and the take-up and payment for securities tendered or deposited are subject to, an irrevocable and unqualified provision that no securities will be taken up or paid for pursuant to the takeover bid prior to the close of business on a date that is no earlier than the minimum number of days such takeover bid must remain open for deposits of securities thereunder pursuant to National Instrument 62-104 after the date of the takeover bid constituting the Competing Permitted Bid.

#### **6. Waiver of Flip-in Event**

The Board acting in good faith may, in respect of any Flip-in Event, waive the application of the Rights Plan to that Flip-in Event, provided that (i) the Board has determined that the Acquiring Person became an Acquiring Person by inadvertence and without any intent or knowledge that it would become an Acquiring Person, and (ii) such Acquiring Person has reduced its beneficial ownership of Common Shares such that at the time of waiver it is no longer an Acquiring Person.

The Board may, with the prior consent of the holders of Common Shares, at any time prior to the occurrence of a Flip-in Event elect to redeem all but not less than all of the then outstanding Rights at the redemption price of \$0.0001 per Right.

#### **7. Supplement and Amendments**

The Corporation is authorized to make amendments to the Rights Plan to correct any clerical or typographical error or, subject to certain exceptions, which are required to maintain the validity of the Rights Plan as a result of any changes in law or regulation.

#### **8. General**

Until a Right is exercised, the holders thereof, as such, will have no rights as Shareholders.