

# IBERIAN MINERALS LTD.

## MANAGEMENT INFORMATION CIRCULAR

dated July 21, 2016

for the

Annual and Special Meeting to be held on August 25, 2016

### SOLICITATION OF PROXIES

This management information circular ("**Circular**") is provided in connection with the solicitation by management of Iberian Minerals Ltd. ("**Corporation**") of proxies for use at the annual and special meeting ("**Meeting**") of the holders of common shares ("**Shareholders**") to be held on Thursday, August 25, 2016 at the Four Points by Sheraton Edmonton Gateway Hotel, 10010 – 12<sup>th</sup> Ave SW, Edmonton, Alberta at 4:00 PM MDT and at any adjournment, for the purposes set forth in the notice of meeting ("**Notice**").

The record date for the purpose of determining holders of common shares is July 21, 2016 ("**Record Date**"). Shareholders of record on that date are entitled to receive notice of and attend the Meeting and vote on the basis of one vote for each common share held, except to the extent that a registered Shareholder has transferred the ownership of any shares subsequent to the Record Date and the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he owns the shares and demands, not later than 10 calendar days before the Meeting, that his name be included on the Shareholder list, in which case, the transferee will be entitled to vote his shares at the Meeting.

This solicitation is made on behalf of management. The Corporation will bear the costs incurred in the preparation and mailing of the Meeting materials. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by directors, officers and employees of the Corporation who will not be remunerated for their services.

### APPOINTMENT AND REVOCATION OF PROXIES

**The persons named in the enclosed form of proxy are officers and directors of the Corporation. As a Shareholder, you have the right to appoint a person, 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 of proxy and strike out the other names or submit another appropriate proxy.** The form of proxy should be dated and executed by the Shareholder or an attorney, authorized in writing and with proof of the authorization attached. A proxy may be revoked by a registered Shareholder personally attending at the Meeting and voting his shares in person.

A form of proxy will not be valid for the Meeting or any adjournment unless it is completed and delivered to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 prior to 4:00 PM MDT, on Tuesday, August 23, 2016 being at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment.

**The common shares represented by the Shareholder proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and that, if the Shareholder specifies a choice with respect to the any matter to be acted upon, the common shares will be voted accordingly.**

A registered Shareholder may revoke his proxy at any time prior to a vote. In addition to revocation in any other manner permitted by law, a proxy may be revoked by depositing an instrument in writing executed by the Shareholder or by his authorized attorney in writing, or, if the Shareholder is a company, under its corporate seal by an officer or attorney duly authorized, either at the registered office of the Corporation or with Computershare Trust Company of Canada, at any time up to and including the last business day

preceding the date of the Meeting, or any adjournment at which the proxy is to be used, or with the Chair of the Meeting on the day of the Meeting, or any adjournment.

## **ADVICE TO BENEFICIAL SHAREHOLDERS**

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold common shares in their own name. Shareholders who do not hold their common shares in their own name (“**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who appear on the records of the registrar and transfer agent will be recognized at the Meeting. If the common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, those common shares will, in all likelihood, **not** be registered in the Shareholder’s name. Without specific instructions, brokers and their nominees are prohibited from voting shares held by Beneficial Shareholders.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every broker and other intermediaries have their own mailing procedures and provide their own return instructions to clients which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The majority of brokers delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications Solutions, Canada (“**Broadridge**”). Broadridge mails a Voting Information Form (“**VIF**”) asking the Beneficial Shareholders to return the VIF to Broadridge by mail or by way of the Internet or telephone. **A Beneficial Shareholder who receives a VIF cannot use that VIF to vote directly at the Meeting. The VIF must be returned to Broadridge well in advance of the Meeting in order to have the common shares voted.**

**All reference to Shareholders in this Circular, the form of proxy and Notice are to registered Shareholders unless specifically stated otherwise.**

## **REQUEST FOR FINANCIAL STATEMENTS**

National Instrument 51-102 *Continuous Disclosure Obligations* (“**NI 51-102**”) sets out the procedures, for a Shareholder to receive financial statements. If a Shareholder wishes to receive financial statements, the Shareholder may use the enclosed form or provide instructions in any other written format.

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

The Corporation is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at the Record Date, there were 246,795,080 common shares issued and outstanding. There were no preferred shares issued and outstanding. Shareholders are entitled to one vote for each common share held. A quorum of shareholders is present at a meeting of shareholders if at least two holders representing not less than 5% of the outstanding shares of the Corporation are present in person or represented by proxy.

To the knowledge of the directors and management, no person or company beneficially owns, directly or indirectly, or controls or directs, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation.

## **BUSINESS OF THE MEETING**

To the knowledge of the board of directors (“**Board**”), the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice.

## 1. Financial Statements

The Board has approved all of the information in the audited consolidated financial statements for the year ended December 31, 2015 and the report of the auditor thereon. The financial statements have been mailed to all the Shareholders who responded to the Corporation's mail list request form pursuant to NI 51-102. The audited financial statements and MD&A are available on SEDAR, www.sedar.com, and will be tabled at the Meeting.

## 2. Fix Number of Directors

Shareholders will be asked to vote in favour of the resolution to fix the number of directors to be elected at the Meeting at six.

## 3. Election of Directors

There are currently six directors and their term of office will expire at the Meeting. The following table sets forth the nominees, positions with the Corporation, their principal occupations, periods during which they have served as directors and the number of voting shares beneficially owned, directly or indirectly, by each of them, or over which they exercise control or direction. Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that a nominee cannot stand for election for any reason prior to the Meeting, the proxy shall **not** be voted with respect to the filling of that vacancy.

<b>Name and Residence</b>	<b>Director and Position held with the Corporation</b>	<b>Principal Occupation</b>	<b>Common Shares Beneficially Owned or Controlled or Directed</b>
Greg Pendura <sup>1</sup> Alberta, Canada	Director since 2010 President and CEO since 2010	President and Chief Executive Officer of the Corporation	1,929,333
Akiva Borenstein <sup>1</sup> Manitoba, Canada	Director since June 2015	Director of Finance for Family Dynamics Inc.	3,096,500
Darcy Thiele Saskatchewan, Canada	Director since June 2015	Principal Owner & Engineering Manager of PSI Pressure Solutions Inc.	1,616,500
Brent Fleischhacker Alberta, Canada	Director since June 2015	Used Truck Manager for Diamond Group of Companies	2,150,000
Rick Purdy <sup>1</sup> Alberta, Canada	Director since June 2015	Founder and Chief Executive Officer of Nutraponics Canada Corp.	736,851
Duane Nelson British Columbia, Canada	Director since December 2015	President & CEO Mineworx Technologies Inc. June 2012 to present. President & CEO Silvermex Resources June 2006 to June 2012	9,783,594

<sup>1</sup>Member of Audit Committee

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

No proposed director, within 10 years before the date of this Circular, has been, a director, chief executive officer or chief financial officer of any company that: (a) was subject to: (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 (collectively, an "Order") that was issued while the proposed director was acting in the capacity as

director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No proposed director, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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, except as noted below.

No proposed director has, within 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.

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 securityholder in deciding whether to vote for a proposed director.

#### **4. Advance Notice By-Law**

On June 16, 2016 the Board approved the adoption of an Advance Notice Bylaw ("**Bylaw**"), which requires advance notice to the Corporation by shareholders who wish to nominate a person for election as a director of the Corporation. Among other things, the By-law fixes a deadline by which shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of shareholders where directors are to be elected and sets forth the information that a shareholder must include in the notice for it to be valid.

The By-Law contains a provision that requires advance notice to the Corporation in circumstances where nominations of persons for election to the Board are made by Shareholders. The Policy fixes deadlines by which holders of record of common shares of the Corporation must submit director nominations prior to any annual or special meeting of shareholders and sets forth the information that a shareholder must include in the notice to for an effective nomination to occur. No person will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the By-Law.

In the case of an annual meeting of shareholders, the deadline for notice pursuant to the By-Law is not less than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual general 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 (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for any other purposes), the deadline for notice pursuant to the By-Law is no later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made.

The By-law is effective as of June 16, 2016. A copy of the By-law is attached to this Circular as Schedule I. A copy of the Bylaw was also filed on SEDAR under the Corporation's profile at [www.sedar.com](http://www.sedar.com). The Board believes that the Bylaw is good corporate governance. The Bylaw facilitates an orderly and efficient annual or special meeting process and it ensures that all shareholders receive adequate notice of director nominations with sufficient information with respect to all nominees. This allows the Corporation and its

shareholders to evaluate the proposed nominees' qualifications and suitability as directors, which further allows shareholders to cast an informed vote for the election of directors.

At the Meeting, the shareholders will be asked to approve the following ordinary resolution:

"BE IT RESOLVED as an ordinary resolution of the Corporation that:

1. the Advance Notice Bylaw in the form attached to the Management Information Circular dated July 21, 2016 is confirmed;
2. the shareholders of the Corporation hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
3. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this resolution."

The ordinary resolution must be approved by a simple majority of the votes cast by shareholders voting in person or by proxy at the Meeting. **The Board unanimously recommend that shareholders vote FOR this ordinary resolution.**

#### **5. Appointment of Auditor**

The Shareholders will be asked to vote for the appointment of K.R. Margetson Ltd., Chartered Accountants, Vancouver, BC, as auditor to hold office until the next annual meeting of the Shareholders at remuneration to be fixed by the directors. K.R. Margetson Ltd. was appointed auditor effective October 14, 2010.

#### **6. Approval of Name Change**

At the Meeting, the shareholders will be asked to consider and, if deemed advisable, approve a special resolution ("**Name Change Resolution**") authorizing the Board to file articles of amendment under the *Business Corporations Act* (Alberta) to change the name of the Corporation from "Iberian Minerals Ltd." to such other name as the Board deems appropriate and as may be approved by the regulatory authorities ("**Name Change**"). The Name Change of the Corporation is subject to acceptance by the TSX Venture Exchange.

**Although approval for the Name Change of the Corporation is being sought at the Meeting, such a Name Change would become effective at a date in the future to be determined by the Board when the Board considers it to be in the best interests of the Corporation to implement such Name Change.**

The Board of Directors may determine not to implement the Name Change Resolution at any time after the Meeting and after receipt of the necessary regulatory approvals, but prior to the issuance of a certificate of amendment, without further action on the part of the shareholders.

The text of the special resolution to be voted on at the Meeting by the Shareholders is set forth below.

"BE IT RESOLVED as a special resolution of the Corporation that:

1. the name of the Corporation to be changed to such other name as the Board of Directors of the Corporation determines appropriate and which all applicable regulatory authorities may accept ("**Name Change**");

2. the Articles of the Corporation be amended with respect to the Name Change;
3. the shareholders of the Corporation hereby expressly authorize the Board of Directors to revoke this resolution before it is acted upon without requiring further approval of the shareholders in that regard; and
4. any one (or more) director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things (whether under corporate seal of the Corporation or otherwise) that may be necessary or desirable to give effect to this resolution.”

In order to be effective, the special resolution in respect of the approval of the Name Change requires approval of not less than two thirds (2/3) of the votes cast by Shareholders who vote in person or by a proxy at the Meeting of the Corporation.

## **7. Other Business**

While there is no other business other than that business mentioned in the Notice to be presented for action by Shareholders at the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

## **GENERAL**

**Unless otherwise directed, it is management’s intention to vote proxies in favor of the resolutions set forth herein.** All ordinary resolutions require, for the passing of the same, a simple majority of the votes cast at the Meeting by the holders of common shares.

## **AUDIT COMMITTEE**

### **Audit Committee Terms of Reference**

The text of the Corporation’s Audit Committee charter is set out under Exhibit II to the Corporation’s Management Information Circular dated July 23, 2014 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on August 5, 2014, which is incorporated by reference herein.

### **Composition and Relevant Education and Experience**

The Audit Committee is composed of Rick Purdy, Akiva Borenstein and Greg Pendura. Messrs. Purdy and Borenstein are considered independent. All members have the ability to read, analyze and understand the complexities surrounding the preparation of financial statements pertinent to the Corporation. All members have been involved in the financing, administration and operation of managing small private and/or public companies for several years and have been, either directly or indirectly, involved in the preparation of financial statements, dealing with the auditors or as a member of an audit committee.

### **Audit Committee Oversight**

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

Since the commencement of the Corporation’s most recently completed financial year, it has not relied on

the exemption in section 2.4 (*De Minimus Non-audit Services*) or an exemption granted under Part 8 (*Exemptions*) of NI 52-110 *Audit Committees* (“**NI 52-110**”).

### Pre-Approval Policies and Procedures

The Audit Committee must approve all non-audit services provided by auditors prior to any work commencing.

### External Auditor Service Fees

The aggregate fees billed by the external auditors in each of the last two fiscal years for audit and other fees are as follows:

Financial Year Ending	Audit Fees <sup>1</sup>	Audit Related Fees <sup>2</sup>	Tax Fees <sup>3</sup>	All Other Fees <sup>4</sup>
2015	\$26,500	Nil	\$1,000	Nil
2014	\$35,000	Nil	\$2,000	\$10,000

<sup>1</sup>Audit Fees is the aggregate fees billed by the external auditor

<sup>2</sup>Audit-Related Fees are the aggregate fees billed for assurance and related services by the external auditor

<sup>3</sup>Tax Fees are the aggregate fees billed for professional services rendered by the external auditor for tax compliance, tax advice and tax planning.

<sup>4</sup>All Other Fees are the aggregate fees billed for products and services provided by the external auditor other than the services reported.

### Exemption

The Corporation is relying upon the exemption in section 6.1 of NI 52-110 in respect of the composition of its audit committee and its reporting obligations under NI 52-110.

### EXECUTIVE COMPENSATION

The Named Executive Officers (“**NEOs**”) for the year ended December 31, 2015 were Greg Pendura, Chief Executive Officer (“**CEO**”), Don Weatherbee, Chief Financial Officer (“**CFO**”) effective September 2, 2015 to present; Michael Nayyar, Chief Financial Officer (“**CFO**”) and Rick Gliege, Executive Director Corporate Development.. Mr. Nayyar resigned as CFO on March 1, 2015 and Mr. Gliege assumed the position of interim CFO on March 6, 2015 until Mr. Weatherbee was appointed on September 2, 2015.

NEO means a CEO, CFO, each of the three most highly compensated executive officers other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 for that financial year, and each individual who would be an NEO but for the fact that the individual was neither an executive officer at the end of that financial year.

### Compensation Discussion and Analysis

The compensation program of the Corporation is designed to attract, motivate, reward and retain knowledgeable and skilled executives required to achieve the Corporation’s corporate objectives and to increase shareholder value. The main objective of the compensation program is to recognize the contribution of the NEOs to the overall success and strategic growth of the Corporation. The philosophy of the Corporation is to pay the management a total compensation amount that is competitive with other Canadian junior resource companies and is consistent with the experience and responsibility level of the management. The purpose of executive compensation is to reward the executives for their contributions to the achievements of the Corporation on both an annual and long term basis.

The compensation program provides incentives to its NEOs and Board to achieve long term objectives through grants of stock options pursuant to the Stock Option Plan (the “Plan”). Increasing the value of the common shares increases the value of the stock options. This incentive closely links the interests of the NEOs and directors to Shareholders. The allocation of options pursuant to the Plan is determined by the

Board which considers such factors as previous grants to individuals, overall corporate performance, share price performance, the role and performance of the individuals and, in the case of grants to non-executive directors, the amount of time directed to the Corporation's affairs. The Corporation believes that participation by the NEOs in the Plan aligns the interests of the NEOs with the Shareholders, as the NEOs are rewarded for the Corporation's performance as evidenced by share price appreciation.

The Board has not considered the implications of the risks associated with the Corporation's compensation policies and practices. Neither a NEO nor a director are permitted to purchase financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

### Summary Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly to the NEOs during the last completed financial year. The Corporation does not have any share-based award plans, non-equity long-term incentive plans, or any defined benefit or defined contribution pension plans.

Name and Principal Position	Year Ended Dec 31	Salary	Option-Based Awards <sup>1</sup>	All Other Compensation <sup>2</sup>	Total Compensation
Greg Pendura, CEO	2015	Nil	\$186,000	\$168,250	\$354,250
	2014	Nil	\$85,266	\$144,000	\$229,266
	2013	Nil	\$63,008	\$156,000	\$219,008
Don Weatherbee, CFO	2015	\$14,000	\$28,016	\$37,500	\$79,516
Michael Nayyar, CFO <sup>3</sup>	2015	Nil	\$6,000	\$64,000	\$70,000
	2014	Nil	\$33,206	\$71,000	\$104,206
Rick Gliege, Interim CFO	2015	Nil	\$42,000	\$108,000	\$150,000
	2014	Nil	\$53,291	\$108,000	\$161,291
	2013	Nil	\$47,256	\$112,000	\$159,256

<sup>1</sup>Option-based award amounts are non-cash amounts, and are the fair value estimates of options granted during the year, calculated using the Black-Scholes pricing model, whereby the fair value of stock options is determined on the grant date and recorded as compensation expense over the period that the stock options vest. The Black-Scholes model is an industry accepted valuation method.

<sup>2</sup>Compensation was paid pursuant to consulting agreements with Mr. Pendura and Mr. Gliege.

<sup>3</sup>Mr. Nayyar was appointed CFO in March, 2014. He resigned effective March 1, 2015.

### Narrative Discussion

Calculating the value of stock options using the Black-Scholes option pricing model is very different from a simple "in-the-money" value calculation. In fact, stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes option pricing model, especially where, as in the case of the Corporation, the price of the share underlying the option is highly volatile. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation.

### Employment and Consulting Contracts

During the year-ended December 31, 2015, the Corporation had a written agreement with Mr. Pendura for his consulting services which include, as CEO, providing leadership and vision to manage the Corporation in the best interests of the Shareholders; serving as external spokesman; providing strategic planning; and risk management in addition to other appropriate duties and responsibilities assigned by the Board. The Corporation had a written agreement with Mr. Gliege for his consulting services which included, as CFO (to September 2015) and Vice President - Corporate Development, responsibility for the financial activities of the Corporation and ensuring that corporate governance policies are followed.

## Incentive Plan Awards

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

The following table sets forth details of all option-based awards outstanding for each NEO as of December 31, 2015. The Corporation does not have any share-based award plans for its NEOs.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Option <sup>1,2</sup>
Greg Pendura	200,000	\$0.10	September 1, 2016	Nil
	600,000	\$0.10	March 14, 2017	Nil
	800,000	\$0.10	February 15, 2018	Nil
	800,000	\$0.13	January 2, 2019	Nil
	800,000	\$0.10	June 20, 2020	Nil
	2,300,000	\$0.10	December 17, 2020	Nil
Don Weatherbee	500,000	\$0.10	September 8, 2020	Nil
Michael Nayyar	100,000	\$0.10	February 15, 2018	Nil
	100,000	\$0.13	January 2, 2019	Nil
	200,000	\$0.13	March 27, 2019	Nil
	100,000	\$0.10	June 20, 2020	Nil
Rick Gliege	100,000	\$0.10	September 1, 2016	Nil
	500,000	\$0.10	March 14, 2017	Nil
	600,000	\$0.10	February 15, 2018	Nil
	500,000	\$0.13	January 2, 2019	Nil
	400,000	\$0.10	June 20, 2020	Nil
	300,000	\$0.10	December 17, 2020	Nil

<sup>1</sup>Unexercised "in-the-money" options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.

<sup>2</sup>As at December 31, 2015, the market value of the common shares on the TSX Venture Exchange was \$0.10.

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

The following table sets forth the value of option-based awards which vested or were earned during the most recently completed financial year for each NEO. The Corporation does not have any share-based award plans for its NEOs.

Name	Option-Based Awards - Value vested during the year
Greg Pendura	Nil
Don Weatherbee	Nil
Michael Nayyar	Nil
Rick Gliege	Nil

<sup>1</sup>Based on the difference between the market price of the options at the vesting date and the exercise price of \$0.10

### *Narrative Discussion*

The Corporation's only long-term incentive plan is the Plan pursuant to which the Board may, at their discretion, grant options to participants. The purpose of the Plan is to provide compensation opportunities to participants which align their interests with those of Shareholders and which assist in attracting and retaining individuals of exceptional ability. Significant terms of the Plan are: (i) options may be granted in such numbers and with such vesting provisions as the Board may determine; (ii) the Board would fix the exercise price at which common shares may be acquired upon the exercise of such option provided that such exercise price shall not be less than Exchange policy allows; (iii) options may be granted for a maximum term of ten years; (iv) options are not transferable or assignable; (v) the maximum number of common shares reserved for issue under the Plan shall not exceed 20% of the issued and outstanding common shares; (vi) the maximum number of common shares reserved for issue to any one person shall

not exceed 5% of the outstanding common shares as at the date of the grant.

### Pension Plan Benefits

The Corporation does not have any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

### Termination and Change of Control Benefits

The Corporation is not a party to any contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation, its subsidiaries or affiliates or a change in a NEOs responsibilities, except for the consulting contracts for Mr. Pendura and Mr. Gliège. The contracts state the consultants would be entitled to his base fee not yet paid up to the termination date plus a retiring allowance calculated as: one-quarter of the current annual base fee, plus an additional one-sixth of the current annual base fee for each full year that the Consultant has been retained by the Corporation (with a start date of September 20, 2010 for Mr. Pendura; and a start date of March 1, 2010 for Mr. Gliège) up to maximum retiring allowance in the amount of two times the current annual base fee.

### DIRECTOR COMPENSATION

During the most recently completed financial year, the Corporation paid cash compensation to some of the directors for services rendered in their capacity as directors in addition to reimbursement of reasonable expenses.

#### Director Compensation Table

The following table sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Corporation to directors for the most recently completed financial year, excluding NEOs whose compensation has been previously disclosed in this Circular. The Corporation does not have share-based award plans, non-equity incentive plans or pension plans for its directors.

Name	Fees Earned	Option-Based Awards	All Other Compensation <sup>2</sup>	Total
Duane Nelson	Nil	Nil	Nil	Nil
Akiva Borenstein	Nil	\$63,000	Nil	\$63,000
Darcy Thiele	Nil	\$63,000	Nil	\$63,000
Brent Fleischhacker	Nil	\$63,000	Nil	\$63,000
Rick Purdy	\$10,000	\$63,000	Nil	\$73,000
Jonathan Morley-Kirk <sup>2</sup>	\$18,320	Nil	Nil	\$18,320
Bill Hooley <sup>2</sup>	\$12,735	Nil	Nil	\$12,735
David Cohen <sup>2</sup>	\$7,733	Nil	Nil	\$7,733
Ven Côté <sup>2</sup>	Nil	Nil	Nil	Nil

<sup>1</sup>All options are granted pursuant to the stock option plan. Option-based award amounts are non-cash amounts and are the fair value estimates of options granted during the year, calculated using the Black-Scholes pricing model, whereby the fair value of stock options is determined on the grant date and recorded as compensation expense over the period that the stock options vest. The Black-Scholes model is an industry accepted valuation method.

<sup>2</sup>Mr. Morley-Kirk, Mr. Hooley, Mr. Cohen and Mr. Cote were not re-elected as directors at the AGM held June 4, 2015

### Incentive Plan Awards

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

The following table sets forth for each director, other than NEOs, all option-based awards outstanding as

at December 31, 2015. The Corporation does not have any share-based award plans.

Name	Option-Based Awards			
	Number of Securities Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised in-the-money Option
Duane Nelson	Nil	Nil	Nil	Nil
Akiva Borenstein	300,000 750,000	\$0.10 \$0.10	June 20 2020 December 17, 2020	Nil
Darcy Thiele	300,000 750,000	\$0.10 \$0.10	June 20 2020 December 17, 2020	Nil
Brent Fleischhacker	300,000 750,000	\$0.10 \$0.10	June 20 2020 December 17, 2020	Nil
Rick Purdy	300,000 750,000	\$0.10 \$0.10	June 20 2020 December 17, 2020	Nil
Ven Côté	Nil	Nil	Nil	Nil
Jonathan Morley-Kirk	Nil	Nil	Nil	Nil
Bill Hooley	Nil	Nil	Nil	Nil
David Cohen	Nil	Nil	Nil	Nil

<sup>1</sup>Unexercised “in-the-money” options refer to the options in respect of which the market value of the underlying securities as at the financial year end exceeds the exercise or base price of the option.

<sup>2</sup>As at December 31, 2015, the market value of the common shares on the TSX Venture Exchange was \$0.10.

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

The following table sets forth for each director, other than a NEO, the value vested or earned on all option-based awards during the financial year ending December 31, 2015. The Corporation does not have non-equity incentive plans or share based aware plans for Directors.

Name	Option-Based Awards - Value vested during the year
Duane Nelson	Nil
Akiva Borenstein	Nil
Darcy Thiele	Nil
Brent Fleischhacker	Nil
Rick Purdy	Nil
Ven Côté	Nil
Jonathan Morley-Kirk	Nil
Bill Hooley	Nil
David Cohen	Nil

<sup>1</sup>Based on the difference between the market price of the options at the vesting dates and the exercise price of \$0.10.

#### **Other Compensation**

Other than as set forth herein, the Corporation did not pay any other compensation to executive officers or directors (including personal benefits and securities or properties paid or distributed which compensation was not offered on the same terms to all full time employees) during the last completed financial year other than benefits and perquisites which did not amount to \$10,000 or greater per individual.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table sets forth securities of the Corporation that are authorized for issuance under equity compensation plans as at the end of the Corporation’s most recently completed financial year.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of securities remaining available for future issuance under equity compensation plans</b>
Equity compensation plans approved by securityholders	21,350,000	\$0.11	7,649,209
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>21,350,000</b>	<b>\$0.11</b>	<b>7,649,209</b>

## **DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

Corporate governance relates to the activities of the directors who are elected by and are accountable to the Shareholders, and takes into account the role of management who are appointed by the Board and who are charged with the day to day management of the Corporation. The Board is committed to sound corporate governance practices which are in the interest of its shareholders and contribute to effective and efficient decision making.

### **Board of Directors**

The Board is currently comprised of six directors all of whom are nominated for election at the Meeting. Messrs. Borenstein, Thiele, Fleischhacker and Purdy are independent directors. Mr. Pendura, Chief Executive Officer and Mr. Nelson, President of Mineworx Technologies Inc., are members of management and, as a result, are not independent directors.

An "independent" director is a director who has no direct or indirect material relationship with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director's independent judgment. The Board facilitates independent supervision of management through meetings of the Board and through frequent informal discussions among independent members of the Board and management. In addition, the directors have access to the external auditors, legal counsel and to any of the Corporation's officers.

### **Directorships**

None of the current directors are directors for any other corporations.

### **Orientation and Continuing Education**

Each new director is given an outline of the Corporation's business, its corporate strategy and any current issues before the Board and copies of the Corporation's governance policies. New directors meet with management to discuss and better understand the Corporation's business and are advised by counsel to the Corporation of their legal obligations as directors. The introduction and education process is reviewed and revised as necessary.

### **Ethical Business Conduct**

The Board has adopted a written code of business conduct and ethics, which was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on December 12, 2007.

The Board has established a Whistleblower Policy, which establishes the complaint procedure for concerns about any aspect of the Corporation's activities and operations. These policies assist in maintaining the ethical business conduct of the officers and directors.

The Board has found that the fiduciary duties placed on individual directors by governing corporate legislation and the common law have been sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

Under corporate legislation, a director is required to act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, directors must comply with the conflict of interest provisions of the *Business Corporations Act (Alberta)*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke such a conflict.

### **Nomination of Directors**

The Board establishes criteria for board membership, reviews candidates' qualifications and any potential conflicts of interest. The Board employs prescribed criteria in its selection of new candidates, which criteria include:

- independence and judgment - the directors should have a substantial degree of independence from management. Board independence depends not only on directors' individual relationships (personal, employment or a business) but also on the Board's overall attitude towards management; and
- relevant experience in business and industry - the directors should be possessed of relevant experience in business and industry, government, education and other areas which are beneficial to the Corporation. Directors with such backgrounds can provide a useful perspective on significant risks and competitive advantages.

### **Compensation**

The Board is responsible for determining the compensation of the directors and executive officers. The Board uses market data for comparable industry sectors in order to set compensation levels.

### **Other Board of Directors Committees**

Effective January 1, 2016, the Board established a Technical Oversight Committee to review and oversee the development and application of the mobile mining production units. As part of this role, the technical personnel assigned to perform field work would have reporting responsibilities to this Committee with regards to unit modifications and enhancements. This Committee is chaired by Darcy Thiele, P. Eng. Mr. Nelson and Mr. Pendura are also appointed members.

### **Assessments**

The Board has not implemented a formal process for assessing its effectiveness or the effectiveness of individual members or committees. Due to the Corporation's size, its stage of development and the limited number of directors, the Board considers a formal assessment process to be unnecessary at this time. The Board continues to evaluate its own effectiveness on an ad hoc basis.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No director, executive officer, employee or former director, executive officer or employee of the Corporation nor any of their associates or affiliates, is, or has been at any time since the beginning of the last completed financial year, indebted to the Corporation nor has any of these persons been indebted to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding, provided by the Corporation.

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

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer, or proposed nominee for election as a director or any associate or affiliate of any of the foregoing, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has or would materially affect the Corporation or any of its subsidiaries.

## **MANAGEMENT CONTRACTS**

During the most recently completed financial year, no management functions of the Corporation were to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of the Corporation.

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

Except as otherwise set out herein, no director or executive officer of the Corporation or any proposed nominee of management of the Corporation for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information of the most recently completed financial year is provided in the comparative financial statements and management discussion and analysis available on SEDAR. A shareholder may contact the Corporation at Suite 102, 1603 – 91 Street, Edmonton AB T6X 0W8 or by fax (250) 247-7393 to obtain a copy of the most recent financial statements and management discussion and analysis.

## **BOARD APPROVAL**

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

SCHEDULE I  
Section Eleven  
Advance Notice

11.01 Nominations of Directors

Only persons who are eligible under the *Business Corporations Act* (Alberta) (the “**Act**”) and who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual general meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors, only:

- a. by or at the direction of the Board, including pursuant to a notice of meeting;
- b. by or at the direction or request of one or more shareholders pursuant to a “proposal” made in accordance with Part 11, Section 136 of the Act, or a requisition of the shareholders made in accordance with section 142 of the Act; or
- c. by an person (a “**Nominating Shareholder**”) (A) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this by-law and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such ownership that is reasonably satisfactory to the Company; and (B) who complies with the notice procedures set forth below this by-law.

11.02 In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 11.03 below) and in proper written form (in accordance with paragraph 11.04 below) to the Secretary of the Company at the Head Office of the Company.

11.03 To be timely, a Nominating Shareholder’s notice to the Secretary of the Company must be made:

- a. in the case of an annual general meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual general meeting of shareholders; provided, however, that in the event that the annual general meeting of shareholders is to be held on a date that is less than 50 days after the date (the “Notice Date”) on which the first Public Announcement (as defined below) of the date of the annual general meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10<sup>th</sup>) day following the Notice Date; and
- b. in the case of a special meeting (which is not also an annual general meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15<sup>th</sup>) day following the day on which the first Public Announcement of the date of the special meeting of shareholders was made.

The time periods for giving of a Nominating Shareholder’s notice set forth above shall in all cases be

determined based on the original date of the applicable annual general meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice as described above.

11.04 To be in proper written form, a Nominating Shareholder's notice to the Secretary of the Company must set forth:

- a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the current principal occupation or employment of the person and the principal occupation or employment of the person within the five years preceding the notice; (C) the citizenship of such person; (D) the class or series and number of shares in the capital of the Company that are directly or indirectly controlled or directed by or owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and/or as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and all Applicable Securities Laws (as defined below); and
- b. as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

The Company may require any proposed nominee and/or Nominating Shareholder to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could reasonably be expected to be material to a reasonable shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee.

11.05 No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Policy; provided, however, that nothing in this Policy shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting or in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act or at the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions of this Policy and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

11.06 For the purposes of this Policy:

- a. "Public Announcement" shall mean disclosure in a news release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System for Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and

- b. "Applicable Securities Laws" means, collectively, the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each relevant province and territory of Canada and all applicable security laws of the United States.

11.07 Notwithstanding any other provision of this Policy, notice given to the Secretary of the Company pursuant to this Policy may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the Head Office of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Alberta time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

11.08 Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this section of the by-law.