

**MUSKRAT MINERALS INCORPORATED**

**2013**

**ANNUAL  
GENERAL & SPECIAL  
MEETING**

Notice of Annual General and Special Meeting of Shareholders

Information Circular

**Meeting Location, Date and Time:**

380 Bedford Highway  
Halifax, Nova Scotia  
B3M 2L4

December 6, 2013 at 10:00 a.m. (AST - Halifax Time)

## MUSKRAT MINERALS INCORPORATED

### CORPORATE DATA

#### Head Office

610-141 Adelaide Street West  
Toronto, ON M5H 3L5  
Attn: K. Barry Sparks  
902-496-7594 (P)  
902-484-7599 (F)

#### Registered Office

855 – 2<sup>nd</sup> Street SW  
4500 Bankers Hall East  
Calgary, AB, T2P 4K7

#### Directors

J. Paul Allingham  
David J. Hennigar  
C.H. (Bert) Loveless  
Francis MacKenzie  
Jean-Marc MacKenzie  
Paul Snelgrove  
K. Barry Sparks  
E. Christopher Stait-Gardner

#### Officers

David J. Hennigar, Chairman of the Board  
Francis MacKenzie, President  
C.H. (Bert) Loveless, Vice-President  
Lorne S. MacFarlane, Chief Financial Officer  
Lina Tannous, Secretary

#### Auditor

Collins Barrow Toronto LLP  
Collins Barrow Place  
11 King Street West, Suite 700  
Toronto, Ontario  
M5H 4C

#### Legal Counsel

RBC Law Inc.  
1549 Birmingham Street  
Halifax, Nova Scotia, B3J 2J6

#### Registrar and Transfer Agent

Equity Financial Trust Company  
Attn: Proxy Dept.  
200 University Avenue, Suite 400  
Toronto, Ontario, M5H 4H1  
416-595-9593 (F)

#### Stock Exchange Listing

Canadian National Stock Exchange  
Symbol – YYR



**MUSKRAT MINERALS INCORPORATED**  
**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF**  
**SHAREHOLDERS OF MMI**

**NOTICE IS HEREBY GIVEN THAT** the annual general and special meeting (the “**Meeting**”) of holders of common shares of Muskrat Minerals Incorporated (the “**Corporation**”) will be held at 380 Bedford Highway, Halifax, Nova Scotia, B3M 2L4 on December 6, 2013 at 10:00 a.m. (AST – Halifax Time) for the following purposes:

1. to receive the audited annual financial statements of the Corporation for the financial year ended June 30, 2013 and the report of the auditors thereon;
2. to elect eight (8) directors for the ensuing year;
3. To re-appoint Collins Barrow Toronto LLP, as auditors of the Corporation for the ensuing year and to authorize the directors to fix their remuneration.
4. to consider and, if agreed, pass a special resolution as more particularly described in the accompanying information circular, to amend the Corporation’s by-laws relating to the notice provisions for communications with directors and shareholders of the Corporation;
5. to approve, ratify and confirm all acts, contracts, proceedings, appointments and payments of money by the directors and officers of Corporation; and
6. to transact any such other business as may properly come before the Meeting or any adjournment(s) thereof.

The specific details of the foregoing matters to be put before the Meeting are set forth in the information circular accompanying this notice of meeting.

Shareholders are invited to attend the Meeting. Registered shareholders who are unable to attend the meeting in person are requested to complete, date and sign the enclosed form of proxy and send it to the registrar and transfer agent of the Corporation, Equity Financial Trust Company. Non-registered shareholders who receive these materials through their broker or other intermediary should complete and send the form of proxy in accordance with the instructions provided by their broker or intermediary. To be effective, a proxy must be received for verification by 10:00 a.m. (Halifax time) on December 4, 2013, or in the case of any adjournment of the meeting, not less than 48 hours prior to the time of such meeting. The Chairman of the Meeting may refuse to recognize any instrument of proxy received after such time.

**DATED** at the Halifax Regional Municipality, in the Province of Nova Scotia, this 29<sup>th</sup> day of October, 2013.

**BY ORDER OF THE BOARD OF DIRECTORS**

By: (Original signed)  
Name: David J. Hennigar  
Title: Chairman

By: (Original signed)  
Name: Lina Tannous  
Title: Secretary

### Revocation

In addition to revocation in any other manner permitted by law, a shareholder may revoke a proxy by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the shareholder or by the shareholder's attorney, who is authorized in writing, to or at Equity's office at any time up to and including the second last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment(s) thereof.

### **ADVICE TO BENEFICIAL HOLDERS**

Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders who appear on the records maintained by the Corporation's registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If 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. Such common shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). Common shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers 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 form of proxy supplied to a Beneficial Shareholder by his broker (or the agent of the broker) is substantially similar to the proxy provided directly to registered shareholders by the Corporation. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives Broadridge voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction forms must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their common shares as proxyholder for the registered shareholder should enter their own names in the blank space on the form of proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.

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

## **REGISTERED SHAREHOLDERS**

Registered holders of common shares as shown on the shareholders' list prepared as of the Record Date will be entitled to vote such shares at the Meeting on the basis of one vote for each common share held, except to the extent that the person has transferred the ownership of any of his or her common shares after the Record Date, and the transferee of those shares produces properly endorsed share certificates, or otherwise establishes that he or she owns the common shares, and demands, not later than ten days before the Meeting, or such shorter period before the Meeting that the by-laws of the Corporation may provide, that his or her name be included in the list before the Meeting, in which case the transferee will be entitled to vote his or her common shares at the Meeting.

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

Other than as disclosed elsewhere in this Information Circular, none of the directors or senior officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or senior officers of the Corporation since the commencement of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

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

As at the date hereof, the Corporation has issued and outstanding 17,251,015 fully paid and non-assessable common shares without par value, each share carrying the right to one vote. Any shareholder of record at the close of business on October 29, 2013 who either personally attends the Meeting or who has completed and delivered a proxy in the appropriate manner, shall be entitled to vote or to have such shareholder's shares voted at the Meeting.

The by-laws of the Corporation provide that the two holders present in person or represented by proxy, being shareholders entitled to vote thereat or a duly appointed proxy holder or representative for a shareholder so entitled and holding or represented by proxy not less than 5% of the outstanding common shares of the Corporation entitled to vote at the Meeting, constitutes a quorum for the Meeting in respect of holders of common shares.

### *Common Shares of the Corporation*

Subject to the provisions of the *Business Corporations Act* (Alberta), the holders of the Corporation's common shares are entitled to: (i) one vote for each share held of record on all matters submitted to a vote of the shareholders of the Company; (ii) subject to any preference in favour of the holders of preferred shares ranking in priority to the common shares for payment of dividends, participate equally and to receive any and all such dividends as may be declared by the directors of the Company out of funds legally available; and (iii) subject to any preference in favour of the holders of preferred shares ranking in priority to the common shares for distribution of amounts, participate pro rata in any distribution of assets available for distribution upon liquidation of the Company. Shareholders of the Company have no pre-emptive rights to acquire additional common shares or any other securities. The common shares of the Company are not subject to redemption and carry no subscription or conversion rights. All outstanding common shares of the Company are fully paid and non-assessable.

**There are no persons or companies who beneficially own, directly or indirectly, or exercise control or direction over common shares carrying more than 10% of the voting rights attached to all outstanding shares of the Corporation other than as disclosed below.**

### *Preferred Shares of the Corporation*

The Corporation is not currently authorized to issue any preferred shares of the Corporation.

### *Warrants*

The Corporation does not have any issued and outstanding warrants to purchase common shares in the capital stock of the Corporation.

### Options to Purchase Common Shares of the Corporation

The Board of Directors of the Corporation (the “**Board**”) may from time to time allocate non-transferable options to purchase common shares of the Corporation to directors, officers, employees and consultants of the Corporation and its affiliates. Pursuant to the Corporation’s stock option plan (the “**Plan**”), the Corporation is authorized to issue up to 20% of the issued and outstanding common shares of the Corporation, being 3,450,203 options to purchase common shares. The Plan is discussed in more detail below.

To the best of knowledge of the directors and senior officers of the Corporation there are no directors, officers, promoters and shareholders beneficially owning, directly or indirectly, common shares carrying more than 10% of the voting rights of the outstanding common shares of the Corporation, or who may own 10% of the issued and outstanding shares on a diluted basis, other than as disclosed herein.

For the year ended June 30, 2013, there were a total of 594,000 issued and outstanding options, of which 450,000 were granted for the most recently completed financial year to officers, directors, employees and consultants of the Corporation.

### Principal Holders of Voting Securities

As a group, the officers and directors of the Corporation own 6,230,452 common shares (36.12%) of the Corporation and own and have rights to acquire an additional 594,000 common shares (38.24%) on a diluted basis.

To the knowledge of the directors and officers of the Corporation, as of the date hereof, there is no one individual who beneficially own, directly or indirectly, or exercise control or direction over, securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than as detailed below:

Name	Shares Held <sup>(1)</sup>	Options Held <sup>(1)</sup>	% Undiluted	% Partially Diluted
David J. Henniger	3,042,138	66,000	17.63%	17.95%
Francis MacKenzie	1,698,193	66,000	9.84%	10.19%

Notes:

(1) The above information was supplied to the Corporation by the shareholders and from insider reports available at [www.sedi.com](http://www.sedi.com).

## **PRESENTATION OF FINANCIAL STATEMENTS**

The comparative financial statements of the Corporation for the financial year ended June 30, 2013, together with the auditor’s report thereon, will be presented to the shareholders at the Meeting, but no vote by the shareholders with respect thereto is proposed to be taken. Receipt at the Meeting of the auditor’s report and the Corporation’s financial statements for its most recently completed financial year will not constitute approval or disapproval of any matters referred to therein. The audited financial statements of the Corporation for the financial year ended June 30, 2013, together with the auditor’s report thereon, have been filed and are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **ELECTION OF DIRECTORS**

The board of directors (the “**Board**”) of the Corporation presently consists of eight (8) directors. The Corporation proposes electing a Board of eight (8) directors.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management’s nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Corporation or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the by-laws of the Corporation or within the provisions of the *Business Corporations Act* (Alberta).

The following table sets out the names of the proposed nominees for election as directors, the country in which each is ordinarily resident, all offices of the Corporation now held by each of them, if any, their principal occupations, or employments during the past five years if such nominee is not presently an elected director, the period of time each has

been a director of the Corporation, and the number of common shares of the Corporation beneficially owned by each, directly or indirectly, or over which control or direction is exercised, as at the date hereof.

Nominee Name, Province of Residence and Office Held in The Corporation	Director Since	Principal occupation during past 5 years and other Directorships	Committee Membership	Number and % of Outstanding Common Shares beneficially owned
J. Paul Allingham Burlington, ON  Director (Independent)	November, 2000	Executive Vice President dmg world media from 2000 to 2006; Chief Financial Officer & Secretary, dmg world media from 1996 to Dec. 2006; Chief Financial Officer, Bruncor Inc. and New Brunswick Telephone Company Ltd. from 1993 to 1996. Mr. Allingham is currently a consultant.	Audit Committee and Corporate Governance Committee	79,264 0.46%
David J. Hennigar Bedford, Nova Scotia  Director and Chairman of the Board	October, 2001	Chairman of High Liner Foods Inc., a major North American marketer of seafood products (listed TSX); Chairman of Thornridge Holdings Limited; Chairman of Annapolis Group Inc., a major real estate developer and parent of EnviroSystems Inc., a leading environmental company; Chairman of Landmark Global Financial Corporation (listed TSXV NEX); Chairman and Acting CEO of Aquarius Coatings Inc. (Listed TSXV). Also an investment advisor with Altus Securities Inc. Also a director of a number of other companies, including, SolutionInc Technologies Limited (listed TSXV), and MedX Health Corp. (listed TSXV).	Compensation Committee	3,042,138 17.63%
C.H. (Bert) Loveless Waverly, NS  Director and Vice President	February, 2012	Business consultant from 2000-Present; CFO PharmEng International Inc. 2006-08; CEO P2P Health Systems Inc. from 2000-06; CFO VR Interactive Corporation 2003-10; Deputy Minister, Province of NS from 1994-2000.	Audit Committee	110,000 0.64%
Francis MacKenzie Bedford, NS  Director and President	February, 2012	President and director, GRI from 2007-Present; an employee of public companies and operated several businesses; was a senior official in municipal and provincial governments; an officer and director of two publicly traded companies including P2P Health Systems Inc. and the Corporation; and was Leader of a provincial political party.		1,698,193 9.84%
Jean Marc MacKenzie Toronto, ON  Director (Independent)	February, 2012	Mr. MacKenzie is a member of the Bar in Ontario. He has 16 years of executive experience with international healthcare companies extensively involved in the mining industry with respect to health and safety regulatory compliance and is a health management governance director of GRI. Mr. MacKenzie is currently Senior Vice President, Health Management of Morneau Shepell Ltd. (TSX:MSI) and also sits on its executive committee. Mr. MacKenzie is also a director of GRI.	Compensation Committee	400,000 2.32%
Paul Snelgrove Happy Valley-Goose Bay, NL  Director (Independent)	February, 2012	Businessman in Happy Valley-Goose Bay, NL as well as Chairman of the HVGB Airport Authority and a Director of GRI.	Compensation Committee and Corporate Governance Committee	350,000 2.03%
K. Barry Sparks Toronto, ON  Director (Independent)	February, 2012	Director, Dundee Capital Markets Inc. (Listed TSX); Director, Dundee Corporation (listed TSX); CEO and Director CencoTech Inc. (TSX.V); President, Torvan Capital Group, a division of Ashley Park Enterprises Inc., corporate finance, advisory and management company.	Corporate Governance Committee	259,796 1.51%
E. Christopher Stait- Gardner Vaughan, Ontario  Director (Independent)	November, 2000	Corporate director Cencotech Inc. (TSXV:CTZ)	Audit Committee	110,514 0.64%

**Notes:**

*The information as to country of residence, principal occupation and number of shares beneficially owned by the nominees (directly or indirectly or over which control or direction is exercised) is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees*

The Board does not contemplate that any of its nominees will be unable to serve as a director. If any vacancies occur in the slate of nominees listed above before the Meeting, then the proxyholders named in the accompanying form of proxy intend to exercise discretionary authority to vote the shares represented by proxy for the election of any other persons as directors.

Corporate Cease Trade Orders and Bankruptcies

1. No director or executive officer is, as at the date of this management information circular, or was within 10 years before the date of this management information circular, a director, chief executive officer or chief financial officer of any company (including a personal holding company), that:

(a) was subject to an order (as defined in Form 51-102 F2 of National Instrument 51-102 – Continuous Disclosure Obligations) that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, other than Mr. Hennigar who was a director of (i) Landmark Global Financial Corporation Limited at the time Landmark Global Financial Corporation Limited had a temporary cease trade order in place from May 7, 2012 for failing to file annual financial statements on time, (ii) Aquarius Coatings Inc. at the time Aquarius Coatings Inc. had a management cease trade order in place from December 12, 2008 to January 14, 2009 for failing to address TSX Venture Exchange requirements with respect to failing to hold shareholder meetings for the financial years ended March 31, 2007 and March 31, 2008; and (iii) MedX Health Corp. at the time MedX Health Corp. had a management cease trade order in place from (1) January 21, 2010 to February 26, 2010 for failing to hold its financial 2008 annual general meeting within the timeframes required by applicable corporate law and Exchange policy, (2) May 6, 2010 to June 30, 2010 for failing to file its audited annual financial statements, its management discussion and analysis, and its certification of the foregoing filings as required by National Instrument 52-109: *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the year ending December 31, 2009 on or before the prescribed deadline, (3) May 7, 2012 to May 22, 2012 for failing to file its audited annual financial statements, its management discussion and analysis, and its certification of the foregoing filings as required by National Instrument 52-109: *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the year ending December 31, 2011 on or before the prescribed deadline, (4) May 16, 2013 to May 20, 2013 for failing to file its audited annual financial statements, its management discussion and analysis, and its certification of the foregoing filings as required by National Instrument 52-109: *Certification of Disclosure in Issuers' Annual and Interim Filings*, for the year ending December 31, 2012; (iv) was a director of SolutionInc Technologies Limited at the time SolutionInc Technologies Limited had a temporary cease trade order, issued by the British Columbia Securities Commission, in place from August 9, 2011 to August 24, 2011 for failing to file annual financial statements on time; had a cease trading order in place issued by the British Columbia Securities Commission on October 6, 2011 for failing to file June 30, 2011 quarterly financial statements on time and had a cease trading order in place issued by the Alberta Securities Commission on January 4, 2012 for failure to file September 30, 2011 quarterly financial statements on time.

(b) was subject to an order (as defined in Form 51-102 F2 of National Instrument 51-102 – Continuous Disclosure Obligations) that was issued after the director or executive officer 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 director, executive officer, or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, or a personal holding company thereof,

(c) is, as at the date of this management information circular, or was within 10 years before the date of this management information circular, a director or executive officer of any company (including a personal holding company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Mr. Hennigar who was a director of KLJ Field Services Inc., a private Nova Scotia company, which made an

assignment in bankruptcy on February 25, 2009;

2. No director or executive officer has, within 10 years before the date of this management information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been 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 trustee, executive officer or shareholder; or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

### **REAPPOINTMENT AND REMUNERATION OF AUDITOR**

At the Meeting, the shareholders will be called upon to approve the reappointment of Collins Barrow Toronto LLP (“Collins”) as auditor of the Corporation to hold office until the close of the next annual meeting of shareholders, and to authorize the Board to establish its remuneration.

The Board recommends that shareholders vote FOR the reappointment of Collins as auditor of the Corporation and the authorization of the Board to fix the remuneration of the auditor. Unless the shareholder directs that his, her or its common shares are to be withheld from voting in connection with the reappointment of the auditor, the persons named in the enclosed form of proxy will vote FOR the reappointment of Collins as auditor of the Corporation and the authorization of the Board to fix the remuneration of the auditor. A majority of the votes cast by shareholders at the Meeting is required to approve the reappointment of the auditor and to authorize the directors to fix the remuneration of the auditor.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### *Compensation Discussion and Analysis*

The Corporation is a mineral exploration company with property interests located in the province of Newfoundland and Labrador. The Corporation has no revenues from operations and often operates with limited financial resources. As a result, to ensure that funds are available to complete scheduled programs, the Compensation Committee (discussed below) has to consider not only the financial situation of the Corporation at the time of the determination of executive compensation, but also the estimated financial condition of the Corporation in the future.

Since the preservation of cash is an important goal of the Corporation, an important element of the compensation awarded to the executive officers is the granting of stock options, which do not require cash disbursement by the Corporation. The granting of stock options also helps to align the interests of the executive with the interests of the Corporation. The other two elements of the compensation the Corporation awards to its executives are: (i) base cash consulting fees; and (ii) in applicable circumstances, cash bonus payments for achievement of stated milestones or benchmarks. The Corporation does not provide executives with perquisites or personal benefits that are not otherwise available to all of our employees.

The deliberations of the Compensation Committee are conducted in a special session from which management is absent. These deliberations are intended to advance the key objectives of the compensation program for the Corporation’s executives. At the request of the Compensation Committee, the executives may, from time to time, provide advice to the Compensation Committee with respect to the compensation program for the Corporation’s executives. The Committee makes recommendations regarding the compensation to be awarded to the executives to the full Board of Directors.

The Corporation relies on its Compensation Committee and its Board of Directors, through discussion without any formal objectives, targets, criteria or analysis, in determining the compensation of its executives. The Board of Directors is responsible for determining all forms of compensation, including the provision of long-term incentives through the granting of stock options to the executives of the Corporation, and to others, including, without limitation, to the Corporation’s directors, and for reviewing the Compensation Committee’s recommendations regarding the compensation to be awarded to any other officers of the Corporation from time to time, to ensure such arrangements reflect the responsibilities and risks associated with each such officer’s position. The Board of Directors incorporates the following goals when it makes its compensation decisions with respect to the Corporation’s executives: (i) the recruiting and retaining of executives who are critical both to the success of the Corporation and to the enhancement of shareholder value; (ii) the provision of fair and competitive compensation; (iii) the balancing of the interests of management with the interests of

the Corporation's shareholders; (iv) the rewarding of performance, both on an individual basis and with respect to the operations of the Corporation as a whole; and (v) the preservation of available financial resources.

Securities legislation requires the disclosure of compensation received by each named executive officer ("NEO") of the Corporation for the three most recently completed financial years. "Named Executive Officer" is defined by the legislation to mean (i) each of the Chief Executive Officer and the Chief Financial Officer of the Corporation, despite the amount of compensation of that individual, (ii) each of the Corporation's three most highly compensated executive officers, other than the Chief Executive Officer and the Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus exceeds \$150,000, and (iii) any additional individual for whom disclosure would have been provided under (ii) but for the fact that the individual was not serving as an executive officer of the Corporation at the end of the most recently completed financial year end of the Corporation.

During the Corporation's most recently completed financial year, the Corporation had three NEOs: Francis MacKenzie, President (and fulfilling the role of Chief Executive Officer), Lorne S. MacFarlane, Chief Financial Officer, and C. H. (Bert) Loveless, Vice-President of the Corporation (and fulfilling the role of Chief Operating Officer). Don Sheehan, the former Chief Executive Officer of the Corporation, is included in the compensation table below for completeness. The aggregate cash compensation (including salaries, fees, directors fees, commissions, bonuses paid for services rendered during the most recently completed financial year, bonuses paid for services rendered in the previous year, and any compensation other than bonuses earned during the most recently completed financial year, the payment of which was deferred) paid to the NEOs (or corporations controlled by the NEOs), in the capacity of NEOs, for the most recently completed financial year are set out in the summary compensation table below.

The Corporation has no plans to make any significant changes to its compensation levels, policies and practices for the next financial year.

#### Summary Compensation Table

The following table sets forth the total annual and long-term equity and non-equity compensation for each NEO, along with any other compensation awarded to each NEO, for services rendered in all capacities to the Corporation with respect to the three most recent completed financial years. The Corporation does not have any pension plans, long-term non-equity incentive plans or deferred compensation plans. In addition, the Corporation does not currently have any plans or arrangements in place that provide for share-based awards: - I have inserted another table which you can use for the data

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans			
Francis MacKenzie President (CEO)	2013	105,000	Nil	24,222 <sup>(2)</sup>	Nil	Nil	Nil	Nil	129,222
	2012	12,500	Nil	7,778	Nil	Nil	Nil	Nil	20,278
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Lorne MacFarlane Chief Financial Officer	2013	30,000	Nil	24,222 <sup>(2)</sup>	Nil	Nil	Nil	Nil	54,222
	2012	12,500	Nil	7,778	Nil	Nil	Nil	Nil	20,278
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. H. (Bert) Loveless <sup>(3)</sup> Vice President (COO)	2013	30,000	Nil	24,222 <sup>(2)</sup>	Nil	Nil	Nil	Nil	54,222
	2012	7,500	Nil	7,778	Nil	Nil	Nil	Nil	15,278
	2011	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Don Sheenan <sup>(4)</sup> Former CEO	2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2012	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

#### **Notes:**

- (1) Based on the grant date fair value of the applicable awards. The fair value of options granted are estimated at the date of grant using a Black-Scholes Option Pricing Model.
- (2) On November 30, 2012, each NEO was awarded 50,000 stock options to purchase the same number of common shares. The stock options vested immediately and expire on November 30, 2022. Each option is exercisable at \$0.65. The closing market price on November 30, 2012 was \$0.65 per share and the fair value assigned to these stock options was calculated using the Black-Scholes valuation model with the following assumptions:

dividend yield 0%, expected volatility 100.00%, risk-free interest rate 1.56% and average expected life of 5 years. The fair value of each stock option granted was \$0.484 per option, and the aggregate fair value assigned to these stock options for each NEO was \$24,222.

(3) C. H. (Bert) Loveless resigned as Chief Financial Officer on June 18, 2010.

(4) Don Sheenan resigned as Chief Executive Officer on February 10, 2012.

Incentive Plan - Outstanding share-based awards and option-based awards

The following table sets out for each NEO all option-based awards and share-based awards outstanding at the end of the most recently completed financial year:

Name	Option Based Awards				Share Based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	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 (\$)
Francis MacKenzie	16,000 50,000	0.65 0.65	May 28, 2022 November 30, 2022	9,900	Nil	Nil	Nil
Lorne MacFarlane	16,000 50,000	0.65 0.65	May 28, 2022 November 30, 2022	9,900	Nil	Nil	Nil
C. H. (Bert) Loveless	16,000 50,000	0.65 0.65	May 28, 2022 November 30, 2022	9,900	Nil	Nil	Nil
Don Sheenan	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**Notes:**

(1) On May 28, 2012, the Corporations closing share price was \$0.61. On November 30, 2012, the closing share price was \$0.65.

Termination and Change of Control Benefits

The Corporation has no plan or arrangement whereby any NEO may be compensated in an amount exceeding \$100,000 in the event of that officer's resignation, retirement or other termination of employment, or in the event of a change of control of the Corporation or a subsidiary or a change in the Named Executive Officer's responsibilities following such a change of control.

Pension, Retirement Plans and Payments Made Upon Termination of Employment

The Corporation did not provide compensation, monetary or otherwise, during the most recently completed financial year, to any person who now or previously has acted as a NEO of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of change in control of the Corporation, its subsidiaries or affiliates.

Employment Contracts

Other than as described herein, the Corporation did not pay any additional compensation to the NEOs, the 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.

Compensation of Directors

The board of directors as a whole makes the determination as to the appropriate level of remuneration for the directors and officers of the Corporation. Remuneration is assessed and determined by taking into account such factors as the size of the Corporation and the level of compensation earned by directors and officers of companies of comparable size and industry. Each of the Corporation's independent directors is entitled to receive compensation of \$350 per meeting for their services, and participate in the Corporation's stock option program.

Executive officers of the Corporation who also act as directors of the Corporation do not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such executive officers in their capacity as executive officers. Reference is made to “Compensation of Executive Officers”.

The Corporation’s Plan is for the granting of incentive stock options to the directors, officers, employees and consultants of the Corporation and its affiliates. The purpose of granting such options is to assist the Corporation in compensating, attracting, retaining and motivating such persons and to closely align the personal interests of such persons to that of the shareholders.

During the most recently completed financial year, directors of the Corporation were compensated as follows:

Name	Fees earned (\$) <sup>1</sup>	Share-based awards (\$)	Option-based awards (\$) <sup>2</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total compensation (\$)
Jean-Marc MacKenzie	1,400	Nil	24,222	Nil	Nil	Nil	25,622
David Hennigar	1,750	Nil	24,222	Nil	Nil	Nil	25,972
Paul Allingham	1,750	Nil	24,222	Nil	Nil	Nil	25,972
E. Christopher Stait-Gardner	1,750	Nil	24,222	Nil	Nil	Nil	25,972
Paul Snelgrove	1,750	Nil	24,222	Nil	Nil	Nil	25,972
K. Barry Sparks	1,400	Nil	24,222	Nil	Nil	Nil	25,622

Notes:

- (1) Compensation for the directors of the Company who are also the NEOs is not provided in the summary compensation table above.
- (2) Figures represent the fair value of the options. The Company used the Black-Scholes option pricing model for calculating such fair value, as such model is commonly used by junior public companies

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

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

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in the first column (a))
Equity compensation plans approved by security holders	594,000	\$0.65	2,856,203
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	594,000	\$0.65	2,856,203

### **STATEMENT OF CORPORATE GOVERNANCE**

NI 58-101 and National Policy 58-201 – Corporate Governance Guidelines (“NP 58-201”) set out a series of guidelines for effective corporate governance. Each reporting issuer, including the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The Corporation’s disclosure with respect to its corporate governance practices is attached to this Circular as Schedule “A”.

### **AUDIT COMMITTEE INFORMATION**

#### Audit Committee Charter

The Corporation must, pursuant to the provisions of National Instrument 52-110 *Audit Committees* (“NI 52-110”), have a written charter which sets out the duties and responsibilities of its audit committee. The audit committee is responsible for overseeing the accounting and financial reporting process of the Corporation and annual external audits of the consolidated financial statements. The audit committee has set out its responsibilities and composition requirements in fulfilling its oversight in relation to the Corporation’s internal accounting standards and practices, financial information, accounting systems and procedures, which procedures are set out in the Corporation's audit committee mandate, attached

to this Information Circular as Schedule “B”. The audit committee has not adopted specific policies and procedures for the engagement of non-audit services.

The Corporation's audit committee is comprised of the following:

Name	Independence <sup>(1)</sup>	Financially Literacy <sup>(2)</sup>	Relevant Education and Experience <sup>(3)</sup>
J. Paul Allingham Chair	Independent Appointed July, 2007	Yes	Executive Vice President dmg world media since December 2000; Chief Financial Officer & Secretary, dmg world media from 1996 to Dec. 2000; Chief Financial Officer, Brunco Inc. and New Brunswick Telephone Company Ltd. from 1993 to 1996, semi-retired consultant since 2006.
E. Christopher Stait-Gardner	Independent Appointed November, 2000	Yes	Corporate Consultant; President Giesecke & DeMMent Canada Inc. from 1996 to 1999.
K. Barry Sparks	Independent Appointed February, 2012	Yes	Director, Dundee Corporation (TSX); CEO and Director of Cencotech Inc. (TSXV); President, Torvan Capital Group, a division of Ashley Park Enterprises Inc., corporate finance, advisory and management company.

*Notes:*

- (1) Pursuant to NI 52-110, an audit committee member is independent if he or she has no direct or indirect “material relationship” (as such term is defined in NI 52-110) with the Corporation.
- (2) Pursuant to NI 52-110, an individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.
- (3) Each member has an understanding of the mineral exploration and mining business in which the Corporation is engaged and has an appreciation of the financial issues and the accounting principles that are relevant in assessing the Corporation's financial disclosures and internal control systems.

#### Audit Committee Oversight

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

#### Reliance on Certain Exemptions

The Corporation has not relied on the exemption in Section 2.4 (*De Minimis Non-Audit Services*) of NI 52-110, which relates to the Audit Committee's pre-approval of non-audit services.

The Corporation has not relied on an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110, which permits a securities regulatory authority or regulator to grant an exemption from the requirements of NI 52-110.

The Corporation is exempt from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

#### Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading “External Auditors”.

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

The approximate aggregate fees billed by the Corporation's external auditors during the in each of the last three financial years are described below:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2013	Approximately \$35,000	Nil	Nil	Nil
2012	\$35,000	Nil	Nil	Nil
2011	\$8,500	Nil	Nil	Nil

Other

The Corporation is relying on the exemption provided in Section 6.1 of NI 52-110.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of the date of this Information Circular, no director, proposed nominee for election as a director, senior officer, or any of their respective associates or affiliates, is or has been indebted to the Corporation or its subsidiaries, other than as disclosed in this Information Circular.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Information Circular, no informed person of the Corporation, proposed director of the Corporation, or any associate or affiliate of any informed person or proposed director had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

To the knowledge of the Board of the Corporation, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

Amendment to the Corporations By-laws

Management of the Corporation are proposing that paragraph 66 of by-law no. 1 of the Corporation relating to the notice provisions for communications with directors and shareholders of the Corporation be replaced.

Paragraph 66 of by-law no. 1 of the Corporation currently states:

Service. Any notice or document required by the Act [the Alberta *Business Corporations Act*], the articles or the by-laws to be sent to any shareholder or director of the Corporation may be delivered personally to or sent by mail addressed to:

- (a) the shareholder at his latest address as shown in the records of the Corporation or its transfer agent; and
- (b) the director at his latest address as shown in the records of the Corporation or in the last notice filed under section 101 or 108 of the Act.

Such notice or document shall be deemed to have been sent on the day of personal delivery or mailing. With respect to every notice or document sent by mail it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into a post office or into a post office letter box."

It is proposed that this paragraph 66 of by-law no. 1 of the Corporation be deleted in its entirety and replaced by a new paragraph 66 to by-law no. 1 of the Corporation. Accordingly, shareholders will be asked to consider and approve the following resolution, with or without modification:

"RESOLVED, as a Special Resolution, that:

Paragraph 66 of by-law no. 1 of the Corporation be deleted in its entirety and replaced by the following new paragraph 66 of by-law no. 1:

Service. Any notice or document required by the Act [the Alberta *Business Corporations Act*], the articles or the by-laws to be sent to any shareholder or director of the Corporation shall be sufficiently given, delivered or served by the Corporation upon a shareholder or director by personal delivery at such person's registered address (or, in the case of a director, his last known address) or by prepaid mail, courier, facsimile machine, email or other

electronic means of communication addressed to such person at such address OR by providing such person with notice and information on how they may access such notice or document electronically.

Such notice or document shall be deemed to have been given, delivered or served on the earlier of actual receipt and the third business day following that upon which it is mailed, and in proving such service it shall be sufficient to prove that the notice was properly addressed and mailed with the postage prepaid thereon. Any notice given by electronic means of communication shall be deemed to be given when entered into the appropriate transmitting device for transmission. A certificate in writing signed on behalf of the Corporation that the notice was so addressed and mailed or transmitted shall be conclusive evidence thereof.”

With the passing of this special resolution, the Corporation intends *inter alia* to use the notice and access model for the delivery of meeting materials to its shareholders in respect of its future shareholders meetings. Under notice and access, instead of receiving paper copies of the Corporation’s meeting materials, shareholders will receive a notice with information on how they may access such meeting materials electronically. The use of this alternative means of delivery is more environmentally friendly as it will help reduce paper use and it will also reduce the Corporation’s printing and mailing costs.

Shareholders who wish to receive paper copies of any future meeting materials may request a copy by calling Equity at 1-866-393-4891 and meeting materials will be sent to the shareholder at no cost to them.

#### Approval and ratification of acts of directors and officers

Management of the Corporation proposes that the shareholders ratify, approve and confirm the actions, deeds and conduct of the directors and officers taken on behalf of the Corporation since the last annual meeting. Accordingly, shareholders will be asked to consider and approve the following resolutions, with or without modification:

“RESOLVED, as an Ordinary Resolution, that:

(a) notwithstanding (i) any failure to properly convene, proceed with, or record any meeting of the Board of the Corporation for any reason whatsoever, including, without limitation, the failure to properly waive or give notice of a meeting, hold a meeting in accordance with a notice of a meeting, have a quorum present at a meeting, sign the minutes of a meeting or sign a ballot electing a slate of directors; or (ii) any failure to pass any resolution of the directors or shareholders of the Corporation or any by-laws of the Corporation for any reason whatsoever, all approvals, appointments, elections, resolutions, contracts, acts and proceedings enacted, passed, made done or taken since the last annual general meeting as set forth in the minutes of the meetings, or resolutions of the Board of Directors or shareholders of the Corporation or other documents contained in the minutes book and record book of the Corporation, or in the financial statements of the Corporation, and all action heretofore taken in reliance upon the validity of such minutes, documents and financial statements, are hereby sanctioned, ratified, confirmed and approved; and

(b) without limiting the generality of the foregoing, all resolutions, contracts, acts and proceedings of the Board of Directors of the Corporation enacted, made, done or taken since the last annual general meeting as set forth or referred to in the minutes and record books of the Corporation or in the financial statements of the Corporation, are hereby approved, ratified and confirmed.”

#### OTHER BUSINESS

Management is not aware of any other matters to come before the Meeting other than those set out in the Notice of Meeting. If other matters come before the Meeting, it is the intention of the individuals named in the form of proxy to vote the same in accordance with their best judgment in such matters.

#### GENERAL

All matters to be brought before the Meeting require, for the passing of same, a simple majority of the votes cast at the Meeting by the holders of common shares.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the CNSX at [www.cnsx.ca](http://www.cnsx.ca). The Corporation will provide to any person or company, upon request to the Corporation, one copy of the Corporation's most recently filed annual financial statements and MD&A and any interim financial statements and associated MD&A of the Corporation that have been filed for any period after the end of its most recently completed financial year. The Corporation may require the payment of a reasonable charge when a request is made by someone who is not a holder of common shares. Requests should be made in writing to the Corporation's at 311-380 Bedford Highway, Halifax, Nova Scotia, B3M 2L4.

### **BOARD APPROVAL**

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

#### **BY ORDER OF THE BOARD OF DIRECTORS**

By: (Original signed by David J. Hennigar)  
Name: David J. Hennigar  
Title: Chairman

By: (Original signed by Lina Tannous)  
Name: Lina Tannous  
Title: Secretary

## Schedule "A"

### Corporate Governance Practices

#### Board of Directors

The Board of Directors of the Corporation (the "Board") are responsible for overseeing the management of the Corporation and the conduct of the Corporation's affairs. The Board consisted of eight members, J. Paul Allingham, David Hennigar, C.H. (Bert) Loveless, Francis Mackenzie, Jean-Marc MacKenzie, Paul Snelgrove, K. Barry Sparks, and E. Christopher Stait-Gardner, five (5) of whom are independent. Directors are expected to attend board meetings and meetings of the committees on which they serve and to spend the time needed to properly discharge their responsibilities. During the financial year ended June 30, 2013 the Board held a total of five (5) formal meetings.

The Board facilitates its exercise of independent supervision over management by ensuring that the Board is comprised of a majority of independent directors.

During the year ended June 30, 2013, in addition to being directors of the Corporation, David J. Hennigar was chairman or director of Assisted Living Concepts, Inc., Landmark Global Financial Corporation, MedX Health Corp., High Liner Foods Inc., Aquarius Coatings Inc., and SolutionInc Technologies; Mr. K. Barry Sparks was a director of Cencotech Inc. (TSXV:CTZ), Dundee Corporation (TSX:DC.A) and E. Christopher Stait-Gardner was a director of Cencotech Inc. Information regarding other directorships held by nominees for election or re-election to the Board is set out under "Election of Directors".

#### Orientation and Continuing Education

The Corporation does not have a formal orientation or continuing education program for directors. All of the current directors are intimately familiar with the Corporation's business and activities. New directors are provided with access to recent, publicly filed documents of the Corporation and given copies of all Board minutes and corporate governance materials. New directors are encouraged to ask questions and communicate with management and employees to keep themselves current with industry trends and changes in corporate legislation.

#### Ethical Business Conduct

The Board monitors the ethical conduct of the Corporation and its management and ensures that it complies with applicable legal and regulatory requirements. The Board has found that the fiduciary duties placed on individual directors by the Corporation's 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.

#### Nomination of Directors

The Board does not have a nominating committee. Instead, the Board and management work together to identify new candidates for nomination, taking into account the qualifications of the proposed directors and the specific needs, expertise or vacancies required to be filled among the Board.

#### Audit Committee

The Corporation's Audit Committee is currently comprised of three (3) directors, Paul Allingham (Chair), K. Barry Sparks and Chris Strait- Gardner. All members are independent and all of the Audit Committee members are financially literate.

#### Compensation Committee

The Corporation has a Compensation Committee which reviews the compensation of directors and officers, including the granting of stock options and makes recommendations to the full Board of Directors. The Compensation committee consists of three (3) directors, two of whom are independent: David Hennigar, Jean-Marc MacKenzie, (independent) and Paul Snelgrove (independent). The Compensation Committee determines compensation of directors and officers with reference, in part, to compensation of officers and directors in similar industries performing similar functions.

Corporate Governance Committee

The Corporation Governance Committee consists of three (3) directors, J. Paul Allingham, Paul Snelgrove and K. Barry Sparks.

Assessments

The Board does not make regular formal assessments of the Board, its committees or its members. The Board satisfies itself on an informal basis, from time to time, that its members and its committees are performing effectively.

## Schedule "B"

### Audit Committee Mandate

#### 1. Establishment of Committee

##### 1.1 Establishment of the Audit Committee Confirmed

The establishment of the audit committee of the board of directors of Muskrat Minerals Incorporated is hereby confirmed with the purpose, constitutions and responsibilities herein set forth.

##### 1.2 Certain Definitions

In this mandate:

- (a) **"Board"** means the board of directors of Muskrat Minerals Incorporated;
- (b) **"Chair"** means the chair of the Committee;
- (c) **"Committee"** means the audit committee of the Board;
- (d) **"Director"** means a member of the Board;
- (e) **"External Auditor"** means the person occupying the office of auditor of the Corporation in accordance with the *Alberta Business Corporations Act*;
- (f) **"Internal Auditor"** means the person responsible for the internal audit function with respect to Muskrat Minerals Incorporated;
- (g) **"Mandate"** means this written mandate of the Committee and any such mandate for the Committee which the Board resolves from time to time shall be the mandate of the Committee; and
- (h) **"Muskrat Minerals"**, **"Corporation"** or **"MMI"** means Muskrat Minerals Incorporated.

#### 2. Purpose and Objective

##### 2.1 Purpose

The Committee's purpose is to assist the Board in the discharge of its obligations in connection with:

- (a) the integrity of the company's financial statements;
- (b) the company's compliance with legal and regulatory requirements;
- (c) the independent auditor's qualifications and independence; and
- (d) the integrity of the company's internal control and management information systems.

##### 2.2 Discharge of Responsibilities

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in Sections 8 and 9 of this Mandate.

#### 3. Authority and Outside Advisors

The Board authorizes the Committee, within the scope of its responsibilities, to seek information it requires from any employee. The Board further authorizes the Committee to communicate directly with internal and external auditors in fulfilment of this mandate.

The Committee shall also have the authority to retain (and terminate) such outside legal, accounting or other advisors as it may consider appropriate and shall not be required to obtain the approval of the Board in order to retain or compensate such advisors. The Committee shall have sole authority to approve related fees and retention terms.

## 4. Committee Membership

### 4.1 Number of Members

The Committee shall consist of not fewer than three Directors, at least twenty-five percent of whom shall be Canadian residents. For greater certainty, every member of the Committee must be a Director.

### 4.2 Independence of Members

Unless otherwise determined by the Board and permitted by ML 52-110, the Committee shall be composed solely of Directors who a) Have no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with the exercise of such Director's independent judgment; and b) Are otherwise independent as determined in accordance with ML 52-110.

### 4.3 Financial Literacy

- (a) Requirement - Each member of the Committee shall be financially literate.
- (b) Definition - "Financially literate" shall mean that the member is capable of understanding and interpreting financial statements and competent in the analysis of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues reasonably expected to be raised in the preparation and presentation of MMI's financial statements.

### 4.4 Accounting or Related Financial Experience

Members should have education and experience that is relevant to his or her responsibilities as an audit committee member including:

- (a) an understanding of generally accepted accounting principles and financial statements;
- (b) ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;
- (d) an understanding of internal controls and procedures for financial reporting; and
- (e) an understanding of audit committee functions.

### 4.5 Annual Appointment of Members

The members of the Committee shall be appointed by the Board. The appointment of members of the Committee shall take place annually at the first meeting of the Board after a meeting of the shareholders at which Directors are elected, provided that if the appointment of members of the Committee is not so made, the Directors who are then serving as members of the Committee shall continue as members of the Committee until their successors are appointed.

### 4.6 Vacancy

The Board may appoint a member to fill a vacancy which occurs in the Committee between annual elections of Directors. When such vacancy is the result of the death, disability or resignation of a member of the Committee and where the Board is required to fill such vacancy, the Committee member so appointed shall be exempt from the independence and financial literacy requirements in Sections 4.2 and 4.3 respectively until the later of (i) the next annual general meeting of the Corporation or (ii) the date that is six months from the day of vacancy was created.

## **5. Committee Chair**

### **5.1 Board to Appoint Chair**

The Board shall appoint the Chair from the members of the Committee (or if it fails to do so, the members of the Committee shall appoint the Chair from among its members). If, at any meeting, the Chair is not in attendance, then the Vice-Chair, if any, shall be responsible for chairing the meeting and for delivering a casting vote, as necessary.

### **5.2 Chair to be Appointed Annually**

The designation of its Chair shall take place annually at the first meeting of the Board after a meeting of the members at which Directors are elected, provided that if the designation of Chair is not so made, the Director who is then serving as Chair shall continue as Chair until his or her successor is appointed.

### **5.3 Casting Vote**

In case of an equality of votes, the Chair in addition to his original vote shall have a second or casting vote.

## **6. Committee Meetings**

### **6.1 Quorum**

A quorum of the Committee shall be a majority of its members (present in person or by telephone). No business shall be transacted by the Committee except at a meeting at which a quorum of the Committee is present.

### **6.2 Secretary**

The Secretary of the Committee will be the Secretary of the Board, unless otherwise appointed by the Chair. The Secretary may, but need not, be a member of the Committee.

### **6.3 Time and Place of Meetings**

The time and place of the meetings of the Committee and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee; provided, however, the Committee shall meet at least quarterly. In addition, meetings may be called by any member of the Committee or by the External Auditor on not less than 72 hours' notice unless such notice is waived by all members of the Committee and by the External Auditor.

### **6.4 Right to Vote**

Each member of the Committee shall have the right to vote on matters that come before the Committee.

### **6.5 Invitees**

The External Auditor, the Chief Executive Officer and the Chief Financial Officer of Muskrat Minerals shall be entitled to receive notice of and to be heard at each meeting of the Committee, as non-voting observers. The Committee may additionally invite Directors, officers and employees of the Corporation or any other person to attend meetings of the Committee to assist in the discussion and examination of the matters under consideration by the Committee.

### **6.6 Non-Management Sessions**

As part of each meeting of the Committee at which the Committee recommends that the Board approve the annual audited financial statements or at which the Committee reviews the interim financial statements, the Committee shall meet separately with each of:

- (a) management; and
- (b) the External Auditor, for the annual audited financial statements.

In addition, at the conclusion of all other meetings of the Committee, the non-management directors shall meet without any member of management being present (including any Director who is a member of management). No minutes of the non-management sessions will be taken unless the Chair of the meeting requests in writing that the discussion be added to the meeting minutes.

## **7. Remuneration of Committee Members**

### **7.1 Director Fees Only**

No member of the Committee may accept, directly or indirectly, any fees from the Corporation or any of its subsidiaries other than directors' fees (which fees may include cash and/or shares options or other in-kind consideration ordinarily available to Directors, as well as all of the regular benefits that other Directors receive).

### **7.2 Other Payments**

For greater certainty, no member of the Committee shall accept any consulting, advisory or other compensatory fee from the Corporation and its affiliates.

## **8. Duties and Responsibilities of the Committee**

### **8.1 Financial and Related Information**

- (a) Financial Reporting - The Committee shall only review annual and interim financial reports and related financial documents for release to the public after the Chief Financial Officer has certified that the financial statements provide full and complete disclosure and that no material undisclosed liabilities or contingencies exist.
- (b) Annual Financial Statements - The Committee shall review and discuss with management and the External Auditor, the Corporation's annual financial statements and related MD&A and report thereon to the Board before the Board approves those statements for release to the public.
- (c) Interim Financial Statements - The Committee shall review and discuss with management, the Corporation's interim financial statements and related MD&A before they are submitted to the Board of Directors for approval and release to the public.
- (d) Annual and Interim Earnings – The Committee shall review and discuss with management the press releases relating to the Corporation's annual and interim earnings before such press releases are publicly disclosed.
- (e) Accounting Treatment - The Committee shall review and discuss with management [and the External Auditor] on a timely basis:
  - (i) major issues regarding accounting policies, principles and financial statement presentations, including any significant changes in the Corporation's selection or application of accounting principles and major issues as to the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies;
  - (ii) analyses prepared by management [and the External Auditor] setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analysis of the effects of alternative GAAP methods on the financial statements;
  - (iii) the effect on the financial statements of the Corporation of regulatory and accounting initiatives and issues, as well as off-balance sheet transactions, structures, obligations (including contingent obligations) and other relationships of the Corporation with unconsolidated entities or other persons that have a material current or future effect on the financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses of the Corporation;
  - (iv) the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have been implemented;
  - (v) any financial information or financial statements in prospectuses and other offering documents;
  - (vi) the management certifications of the financial statements as may be required by applicable securities laws in Canada or otherwise, and all certifications and reports of any disclosure committee established by management from time to time;
  - (vii) any other relevant reports or financial information submitted by the Corporation to any governmental body or to the public.
- (f) Discussion of Accounting Treatments - The Committee shall have direct communication channels with the External Auditor to discuss and review specific issues as appropriate.

- (g) Disclosure of Other Financial Information - The Committee shall discuss with management and the External Auditor, if deemed necessary:
  - (i) the types of information to be disclosed and the type of presentation to be made in connection with earnings press releases paying particular attention to any use of “pro forma” or “adjusted” non-GAAP, information; and
  - (ii) financial information and earnings guidance (if any) provided to analysts and rating agencies; and
  - (iii) the public disclosure of any other financial information extracted from financial statements other than the public disclosure referred to in (a), (b) and (c).
- (h) Review of Communications - The Committee shall review with the External Auditor all material written communication between the External Auditor and management including, but not limited to, the management letter and any schedule of unadjusted differences.

## 8.2 External Auditor

- (a) Authority with Respect to External Auditor - As the representative of Muskrat Minerals shareholders, the Committee shall be directly responsible for overseeing the work of the External Auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. The Committee shall require the External Auditor to acknowledge in its engagement letter each year that the External Auditor is accountable to the Board and the Committee as representatives of shareholders.
- (b) Selection of External Auditor – The committee shall have sole responsibility for recommending to the Board the External Auditor to be nominated to the Corporation’s shareholders for appointment and whether at any time the incumbent External Auditor should be removed from office. The Committee shall not recommend an External Auditor who is not a participating audit firm as defined in National Instrument 52-108 – Auditor Oversight.
- (c) Compensation of External Auditor – The Committee shall have sole responsibility for recommending the compensation of the External Auditor to the Board.
- (d) Competency of External Auditor - Once each year (and otherwise as the Chair may consider appropriate) the Committee shall review with the External Auditor its performance and that of the lead audit partner and obtain and review a report by the External Auditor describing:
  - (i) the External Auditor's internal quality-control procedures;
  - (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the External Auditor's firm or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the External Auditor's firm, and any steps taken to deal with any such issues;
  - (iii) all material relationships between the External Auditor and the Corporation (for the purposes of assessing the auditor's independence); and
  - (iv) to review annually with the External Auditor its performance and that of its lead audit partner.
- (e) Review of Audit Problems - The Committee shall review with the External Auditor any audit problems or difficulties and management's response.
- (f) Independence - The Committee shall satisfy itself as to the independence of the External Auditor. As part of this process:
  - (i) The Committee shall require the External Auditor to submit on a periodic basis to the Committee, a formal written statement delineating all relationships between the External Auditor and Muskrat Minerals and that the Committee is responsible for actively engaging in a dialogue with the External Auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the External Auditor and for recommending that the Board take appropriate action in response to the External Auditors' report to satisfy itself of the External Auditors' independence; and
  - (ii) The Committee shall pre-approve any non-audit services provided by the External Auditor to Muskrat Minerals or any of its subsidiaries and may delegate such preapproval authority to one or more of its independent members. The pre-approval of all such non-audit services by any member to whom such authority has been delegated must be presented to the Committee at its first scheduled meeting following such preapproval.
  - (iii) The Committee shall review and approve hiring policies with respect to partners, employees and former employees of present and former External Auditors.

## 8.3 Management Response

The Committee shall obtain management's response to significant remarks or findings of the External Auditor and shall follow-up as required on the status of the implementation of corrective measures.

#### 8.4 Related Party Transactions

The Committee shall review and approve all related party transactions in which the Corporation is involved or which the Corporation proposes to enter into.

#### 8.5 Risk Assessment, Risk Management and Internal Control

The Committee shall gain an understanding of the Corporation business and shall discuss the Corporation major financial risk exposures and the steps management has taken to monitor and control such exposures. The Committee shall assess and evaluate management's internal control plan. The Committee shall obtain regular updates from management and legal counsel regarding compliance matters.

#### 8.6 Other Matters

The Committee shall perform any other activities consistent with this Mandate, the Corporation's by-laws and governing law, as the Committee or the Board deems necessary or appropriate.

### 9. Whistle Blowing

#### 9.1 Procedure

As soon as practicable following the release of rules implementing requirements with respect the procedures described in this Section 10.1, the Committee shall put in place procedures for:

- (a) the receipt, retention and treatment of complaints received by the issuer regarding accounting, internal accounting controls or auditing matters; and
- (b) the confidential, anonymous submission by employees of the issuer of concerns regarding questionable accounting or auditing matters.

### 10. Reporting to the Board

#### 10.1 Regular Reporting

The Committee shall report to the Board following each meeting of the Committee and at such other times as the Chair may determine to be appropriate (provided that the Committee shall report to the Board at least four times per year) and shall ensure that the Board is made aware of matters that may significantly affect the financial condition or affairs of Muskrat Minerals.

### 11. Evaluation of Committee Performance

#### 11.1 Establish Process

In time, the Board shall establish a process for all committees of the Board for assessing the performance of such committees on a regular basis and, once established, the Committee shall follow such process in assessing its performance.

#### 11.2 Amendments to Mandate

- (a) Review by Audit Committee - The Committee shall recommend to the Board on an annual basis, any amendments it considers desirable to this mandate.
- (b) Review by Board - The Board will review and reassess the adequacy of the Mandate on an annual basis and at such other times as it considers appropriate.