



# **NORTHERN IRON CORP.**

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**MARCH 3<sup>rd</sup>, 2014**

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## NORTHERN IRON CORP.

### NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of the common shares (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of Northern Iron Corp. (the “**Corporation**”) will be held at Suite 1010 – 789 West Pender Street, Vancouver, BC V6C 1H2 on Thursday, April 24, 2014 at the hour of 7:00 a.m., local time for the following purposes:

1. to receive the audited financial statements of the Corporation for the financial year ended September 30, 2013, together with the report of the auditor thereon;
2. to elect the directors of the Corporation to hold office for the ensuing year;
3. to appoint MNP LLP, Chartered Accountants, as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix its remuneration;
4. to consider and, if thought appropriate, pass, with or without variation, a resolution approving the Corporation’s rolling stock option plan, as more fully described in the accompanying management information circular dated March 3<sup>rd</sup>, 2014 (the “**Circular**”);
5. to consider, and if thought appropriate, pass, with or without variation, a resolution to confirm, ratify and approve By-law No. 1A as adopted by the Corporation’s board of directors to amend the Corporation’s By-Law 1 to include advance notice provisions for the nomination of candidates for election to the board of directors, as more fully described in the Circular;
6. to consider, and if thought appropriate, pass, with or without variation, a resolution authorizing the creation of a new Control Person, as more fully described in the Circular; and
7. to transact such other business as may properly be brought before the meeting or any adjournment for adjournments thereof.

A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Corporation’s transfer agent and registrar, TMX Equity Transfer Services, by mail or by hand at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, by fax at 1-416-361-0470 on or before 7:00 a.m. on Tuesday, April 22 2014 or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

Shareholders who are unable to be present personally at the Meeting are urged to sign, date and return the enclosed form of proxy in the envelope provided for that purpose. If you plan to be present personally at the Meeting, you are requested to bring the enclosed form of proxy for identification. The record date for the determination of those Shareholders entitled to receive the Notice of Annual and Special Meeting of Shareholders and to vote at the Meeting was the close of business on Monday, March 3, 2014.

DATED at Toronto, Ontario this 3<sup>rd</sup> day of March, 2014.

BY ORDER OF THE BOARD

*“Basil Botha”*

Basil Botha  
President and Chief Executive Officer

## NORTHERN IRON CORP.

### MANAGEMENT INFORMATION CIRCULAR

#### SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Northern Iron Corp. (the “**Corporation**”) for use at the annual and special meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of common shares in the capital of the Corporation (“**Common Shares**”) to be held at the time and place and for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the “**Notice**”). The solicitation will be primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Corporation. The cost of solicitation will be borne by the Corporation.

Except as noted below, the Corporation has distributed or made available for distribution, copies of the Notice, the Circular and form of proxy or voting instruction form (if applicable) (the “**Meeting Materials**”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Corporation has elected to pay for the delivery of the Meeting Materials to objecting Beneficial Shareholders by the Intermediaries. The Corporation is sending proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent and registrar, CST Trust Company. The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Corporation if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Corporation will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Corporation is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered Shareholders or Beneficial Shareholders.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act for such Shareholder and on his, her or its behalf at the Meeting other than the persons designated in the enclosed form of proxy.** Such right may be exercised by inserting in the blank space provided for that purpose the name of the desired person or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the Corporation’s transfer agent and registrar, TMX Equity Transfer Services, by mail or hand at 200 University Avenue, Suite 300, Toronto, Ontario, M5H 4H1, by fax at 1-416-361-0470, not later than 7:00 a.m. on Tuesday, April 22 2014 or delivering it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his or her attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies given by Shareholders for use at the Meeting may be revoked prior to their use:

- (a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

- (i) at the registered office, 409 Granville Street, Suite 1051, Vancouver, British Columbia, V6C 1T2 at any time up to and including Wednesday, April 23, 2014; or
  - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

### **EXERCISE OF DISCRETION BY PROXIES**

The persons named in the accompanying form of proxy will vote the Common Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice and with respect to other matters which may properly come before the Meeting or any adjournment thereof.** At the time of the printing of this Circular, the management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice. **However, if any other matters which at present are not known to the management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.**

### **ADVICE TO BENEFICIAL SHAREHOLDERS**

**Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares, or non-objecting beneficial owners whose names has been provided to the Corporation's registrar and transfer agent, can be recognized and acted upon at the Meeting.** The information set forth in this section is therefore of significant importance to a substantial number of Shareholders who do not hold their Common Shares in their own name (referred to in this section as "**Beneficial Shareholders**"). If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in such Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Shareholder's Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co., as nominee for CDS Clearing and Depository Services Inc., which acts as a depository for many Canadian Intermediaries. Common Shares held by Intermediaries or their nominees can only be voted for or against resolutions upon the instructions of the Beneficial Shareholder. Without specific instructions, Intermediaries are prohibited from voting Common Shares for their clients.

Applicable regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its Intermediary is identical to the form of proxy provided by the Corporation to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically mails the voting instruction forms or proxy forms to the Beneficial Shareholders and asks the Beneficial Shareholders to return the voting instruction forms or proxy forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions

respecting the voting of Common Shares to be represented at the Meeting. A Beneficial Shareholder receiving a proxy or voting instruction form from Broadridge cannot use that proxy to vote Common Shares directly at the Meeting - the proxy must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of their Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary and vote their Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their own Common Shares as proxyholder for the Intermediary should enter their own names in the blank space on the management form of proxy or voting instruction form provided to them and return the same to their Intermediary (or the agent of such Intermediary) in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.**

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

#### **NOTE TO NON-OBJECTING BENEFICIAL OWNERS**

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

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The Corporation has fixed the close of business on Monday, March 3, 2014 as the record date (the “**Record Date**”) for the purposes of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, 76,629,875 Common Shares carrying the right to one vote per share at the Meeting were issued and outstanding. The Corporation has no other class of voting securities.

To the knowledge of the directors and executive officers of the Corporation, as at the date of this Circular, there are no persons beneficially own, or control or direct, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to the Common Shares.

#### **EXECUTIVE COMPENSATION**

##### Compensation Discussion and Analysis

The Corporation has a compensation committee (the “**Compensation Committee**”), which committee has been delegated the task of reviewing the performance of the Corporation’s management and advisors from time to time, and recommending compensation awards or adjustments. The ultimate decision on these issues rests with the Board, taking into consideration the Compensation Committee’s recommendations, corporate and individual performance, and industry standards. The experience of Board and committee members who are also involved as management of, or Board members or advisors

to, other companies also informs decisions concerning compensation; however no formal objectives, criteria or analysis are used.

The general objectives of the Corporation's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management's interests with the long-term interests of shareholders; and (c) attract and retain highly qualified executive officers.

### *Elements of Compensation*

#### Base Salary

Each Named Executive Officer (as such term is defined below) receives a base salary, which constitutes a significant portion of the Named Executive Officer's compensation package. Base salary is recognition for discharging day to day duties and responsibilities and reflects the Named Executive Officer's performance over time, as well as that individual's particular experience and qualifications. A Named Executive Officer's base salary is reviewed by the board of directors of the Corporation (the "**Board**") on an annual basis and may be adjusted to take into account performance contributions for the year and to reflect sustained performance contributions over a number of years.

#### Stock Options

The Corporation's directors, officers, employees and consultants, if any, are eligible under the Corporation's stock option plan (the "**Plan**") to receive grants of stock options. The Plan is an important part of the Corporation's long-term incentive strategy for its officers and directors, permitting them to participate in appreciation of the market value of the Common Shares over a stated period of time. The Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. The size of the stock option grants to officers and directors is dependent on each officer's and director's level of responsibility, authority and importance to the Corporation and to the degree to which such officer's or director's long term contribution to the Corporation will be key to its long term success.

The Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Plan aligns the interests of the Named Executive Officers and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Corporation.

Options are granted by the Board of the Corporation. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the Named Executive Officers. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board will make these determinations subject to and in accordance with the provisions of the Plan.

### *Compensation of Directors*

Non-Executive Directors receive compensation in the amount of \$250 per Board or Compensation Committee Meeting. Both Executive and Non-Executive Directors are eligible to receive grants of stock options under the Plan.

Named Executive Officers who also act as directors of the Corporation will not receive any additional compensation for services rendered in such capacity, other than as paid by the Corporation to such Named Executive Officers in their capacity as executive officers.

### ***Compensation Risk***

The Board considers and assesses the implications of risks associated with the Corporation's compensation policies and practices and devotes such time and resources as is believed to be necessary in the circumstances. The Corporation's practice of compensating its officers primarily through a mix of salary and stock options is designed to mitigate risk by: (i) ensuring that the Corporation retains such officers; and (ii) aligning the interests of its officers with the short-term and long-term objectives of the Corporation and its shareholders. As at the date of this Circular, the Board had not identified risks arising from the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

### ***Financial Instruments***

The Named Executive Officers and directors are prohibited from purchasing financial instruments, such as 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 of the Corporation granted as compensation or held, directly or indirectly, by a Named Executive Officer or director.

### ***Compensation Governance***

The Compensation Committee has the responsibility for determining compensation for the Board and the Named Executive Officers. The members of the Compensation Committee are Gord McCreary and Paul Sarjeant, both of whom are independent as such term is defined in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”).

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the meetings of the Compensation Committee as they relate to compensation matters is to ensure that the compensation provided to the Named Executive Officers is determined with regard to the Corporation's business strategies and objectives, such that the financial interest of the executive officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. The Compensation Committee is given the authority to engage and compensate any outside advisor that the Compensation Committee determines to be necessary to carry out their duties.

To determine compensation payable, the Compensation Committee reviews compensation paid for directors and Chief Executive Officers of companies of similar size and stage of development in the Corporation's industry and determine an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Corporation. In setting the compensation, the Compensation Committee annually reviews the performance of the Chief Executive Officer in light of the Corporation's objectives and consider other factors that may have impacted the success of the Corporation in achieving its objectives.

As a whole, the Compensation Committee has direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of the Corporation's compensation policies and practices. Each of the members of the Compensation Committee has experience on the board of



directors and related committees of other public companies, as described under “Particulars of Matters to be Acted Upon - Election of Directors” in this Circular.

***Executive Compensation-Related Fees***

In the financial years ending September 30, 2013 and 2012, neither the Board nor the Compensation Committee retained a compensation consultant or advisor to assist the Board or the Compensation Committee in determining the compensation for any of the Corporation’s executive officers’ or directors’ compensation.

**Summary Compensation Table – Named Executive Officers**

Pursuant to National Instrument 51-102 - *Continuous Disclosure Obligations*, the company is required to disclose all annual and long-term compensation for services rendered to the Corporation for its three most recent completed financial years, in respect of (i) the CEO, (ii) the CFO and (iii) any other executive office whose compensation in any of those years exceeded \$150,000 (together, the “**Named Executive Officers**”). The Corporation currently has two Named Executive Officers: Basil Botha, President and CEO, and Grant T. Smith, Chief Financial Officer.

Name and principal position	Year	Salary/ Fee	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			
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Basil Botha, President and Chief Executive Officer	2013	200,000	Nil	Nil	Nil	Nil	Nil	Nil	200,000
	2012	120,000	Nil	Nil	Nil	Nil	Nil	125,000	245,000
	2011	65,000	Nil	Nil	Nil	Nil	Nil	Nil	65,000
Grant T. Smith, Chief Financial Officer	2013	<b>1.</b> Nil	<b>2.</b> Nil	<b>3.</b> Nil	<b>4.</b> Nil	<b>5.</b> Nil	<b>6.</b> Nil	<b>7.</b> Nil	<b>8.</b> Nil
	2012	Nil	Nil	12,444	Nil	Nil	Nil	Nil	12,444
	2011	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Clearline Chartered Accountants <sup>(2)</sup>	2013	<b>9.</b> Nil	<b>10.</b> Nil	<b>11.</b> Nil	<b>12.</b> Nil	<b>13.</b> Nil	<b>14.</b> Nil	<b>15.</b> 48,848	<b>16.</b> 48,848
	2012	Nil	Nil	Nil	Nil	Nil	Nil	60,406	60,406
	2011	Nil	Nil	Nil	Nil	Nil	Nil	51,840	51,840

**Notes:**

- (1) The fair value of options set out in this chart was estimated on the date of grant using the Black-Scholes option pricing model, based on the following assumptions: risk-free interest rate of 1.16%-1.60%, expected life of 4.6 years, weighted expected stock price volatility of 100% and expected dividend yield of Nil.
- (2) Paid to Clearline Chartered Accountants, for CFO services and other accounting support, a company of which Grant T. Smith is a director.

Incentive Plan Awards – Named Executive Officers

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

The following table sets forth all share-based and option-based awards outstanding for the Named Executive Officers as of September 30, 2013:

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 <sup>(2)</sup>	Market or payout value of vested share-based awards not paid out or distributed
	(#)	(\$)	(mm/dd/yy)	(\$)	(#)	(\$)	(\$)
Basil Botha, President and Chief Executive Officer	250,000	0.05	04/01/2015	Nil	Nil	Nil	Nil
	350,000	0.10	06/11/2015	Nil	Nil	Nil	Nil
Grant T. Smith, Chief Financial Officer	200,000	0.30	11/07/2016	Nil	Nil	Nil	Nil

**Notes:**

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.015 for the Common Shares on the TSX Venture Exchange (the “Exchange”) on September 27, 2013 (being the last date of trading activity before September 30, 2013) and the exercise price of the options, multiplied by the number of unexercised options.
- (2) The “market or payout value of share-based awards that have not vested” is calculated based on the closing price of \$0.015 for the Common Shares on the Exchange on September 27, 2013 (being the last date of trading activity before September 30, 2013) multiplied by the number of shares that have not vested.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth the value of all incentive plan awards vested or earned for each Named Executive Officer during the year ended September 30, 2013:

Name & Principal Positions	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$)	(\$)
Basil Botha, President and Chief Executive Officer	Nil	Nil	Nil
Grant T. Smith, Chief Financial Officer	Nil	Nil	Nil

**Notes:**

- (1) The “option-based awards – value vested during the year” is calculated based on the difference between the closing price for the Common Shares on the Exchange as of the date of vesting and the exercise price of the options, multiplied by the number of vested options.
- (2) The “share-based awards – value vested during the year” is calculated based on the closing price on the date of vesting multiplied by the number of shares vested.

Termination and Change of Control Benefits

***Basil Botha***

The Corporation is a party to an employment agreement with Basil Botha (the “**Botha Agreement**”) pertaining to Mr. Botha’s position as the President and CEO of the Corporation. Pursuant to the employment agreement, the Corporation is entitled to terminate Mr. Botha’s employment at any time without cause by giving ten months prior written notice of termination of employment or in lieu of such notice, by continuing Mr. Botha’s monthly salary payments for a period of ten months from the date of termination of Mr. Botha’s employment. Assuming that an event of termination occurred on September 30, 2013, the Corporation would have been obligated to pay Mr. Botha \$100,000 in termination and change of control benefits.

Other than the Botha Agreement, the Corporation has not entered into any contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer at, following or in connection with a termination, resignation, retirement, a change in control of the Corporation or a change in the responsibilities of a Named Executive Officer.

Director Compensation

The following table sets forth all amounts of compensation provided to the directors of the Corporation during the financial year ended September 30, 2013:

Name	Year	Fees (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(1)</sup> (\$)	Non-equity Incentive Plan Compensation		Pension Value (\$)	All Other (\$)	Total Compensation (\$)
					Annual Incentive Plans (\$)	Long Term Incentive Plans (\$)			
D. Richard Brown <sup>(2)</sup>	2013	119,500	Nil	Nil	Nil	Nil	Nil	Nil	119,500
David Miller <sup>(3)</sup>	2013	25,000	Nil	Nil	Nil	Nil	Nil	Nil	25,000
Gordon McCreary	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Alberto Hassan	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Paul Sarjeant	2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**Notes:**

- (1) Had any options been granted to the named persons above in 2013, the fair market value of options set out in this chart would have been estimated on the date of grant using the Black-Scholes option pricing method, based on the following assumptions: risk-free interest rate of 1.06%, expected life of 4.6 years; weighted expected stock price volatility of 67% and expected dividend yield of Nil.
- (2) Paid to 1514380 Ontario Ltd., a company controlled by D. Richard Brown. On December 23, 2013, Mr. Brown resigned as a director and as Chairman of the Corporation. Mr. Brown’s company, 1514380 Ontario Ltd., received a lump sum payment of \$33,900 including HST on his departure date.

(3) Mr. Miller resigned as a director on July 31, 2013.

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

The following table sets forth all awards outstanding for each of the directors of the Corporation as of September 30, 2013:

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
	(#)	(\$)	(mm/dd/yy)	(\$)	(#)	(\$)	(\$)
D. Richard Brown <sup>(2)</sup>	350,000	0.10	06/11/2015	Nil	Nil	Nil	Nil
David Miller <sup>(3)</sup>	300,000	0.15	07/03/2017	Nil	Nil	Nil	Nil
Paul Sarjeant	200,000	0.30	10/13/2016	Nil	Nil	Nil	Nil
	150,000	0.30	11/07/2016	Nil	Nil	Nil	Nil
	100,000	0.15	07/03/2017	Nil	Nil	Nil	Nil
Gordon McCreary	500,000	0.10	05/20/2017	Nil	Nil	Nil	Nil
Alberto Hassan	300,000	0.15	07/03/2017	Nil	Nil	Nil	Nil

**Notes:**

- (1) The “value of unexercised in-the-money options” is calculated based on the difference between the closing price of \$0.015 for the Common Shares on the Exchange on September 27, 2013 (being the last date of trading activity before September 30, 2013) and the exercise price of the options, multiplied by the number of unexercised options.
- (2) Mr. Brown resigned as a director and as Chairman of the Corporation on December 23, 2013.
- (3) Mr. Miller resigned as a director of the Corporation on July 31, 2013.

*Incentive Plan Awards – Value Vested or Earned During the Year*

The following table sets forth the value of all incentive plan awards vested or earned by each director of the Corporation during the year ended September 30, 2013:

Name	Option-based awards – Value vested during the year <sup>(1)</sup>	Share-based awards – Value vested during the year	Non-equity incentive plan compensation – Value earned during the year
	(\$)	(\$)	(\$)
D. Richard Brown	Nil	Nil	Nil
David Miller	Nil	Nil	Nil
Gordon McCreary	Nil	Nil	Nil
Paul Sarjeant	Nil	Nil	Nil
Alberto Hassan	Nil	Nil	Nil

**Notes:**

- (1) The “value vested during the year” is calculated based on the difference between the closing price for the Common Shares on the Exchange as of the date of vesting and the exercise price of the options, multiplied by the number of vested options.

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

The following table provides information regarding the number of Common Shares to be issued upon the exercise of outstanding options and the weighted-average exercise price of the outstanding options in connection with the Stock Option Plan as at September 30, 2013:

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans
	#	\$	#
Equity compensation plans approved by security holders	4,025,000	0.16	3,637,987
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	4,025,000	0.16	3,637,987

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As at the date of this Circular, no individual who is an executive officer, director, employee or former executive officer, director or employee of the Corporation or any of its subsidiaries is indebted to the Corporation or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended September 30, 2013 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate of any such director, executive officer or proposed nominee, was indebted to the Corporation or any of its subsidiaries during the financial year ended September 30, 2013 or as at the date of this Circular in connection with security purchase programs or other programs.

**REPORT ON CORPORATE GOVERNANCE**

**STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

National Policy 58-201 – *Corporate Governance Guidelines* has set out a series of guidelines for effective corporate governance. The guidelines address matters such as the constitution and independence of corporate boards, the function to be performed by boards and their committees and the effectiveness of their board members. National Instrument 58-101 - Disclosure of Corporate Governance Practices (“**NI-58-101**”) requires the disclosure by each reporting issuer of its approach to corporate governance with reference to the guidelines, as it is recognized that the unique characteristics of individual corporations will result in varying degrees of compliance.

**The Board of Directors**

The Board is responsible for overseeing the management of the Corporation and the conduct of the Corporation’s affairs generally.

NI 58-101 defines an “independent director” as a director who has no direct or indirect material relationship with the Corporation. A “material relationship” is defined as a relationship which, in the view of the Board, could be reasonably expected to interfere with such member's independent judgment.

The Board is currently composed of five directors. The four independent directors are Alberto Hassan, Annie Storey, Gordon McCreary and Paul Sarjeant. Basil Botha is considered to be non-independent by virtue of his role as the President and CEO of the Corporation.

### **Directorships**

Certain directors of the Corporation are also directors of other reporting issuers (or equivalent) in a Canadian jurisdiction or a foreign jurisdiction. The following is a list of those other directorships:

<u>Name of Director</u>	<u>Other reporting issuer (or equivalent in a foreign jurisdiction)</u>
Basil Botha	G4G Resources Ltd. (TSX Venture Exchange)
Paul Sarjeant	Firesteel Resources Inc. (TSX Venture Exchange) Golden Harp Resources Inc. (TSX Venture Exchange) Sonoma Capital Inc. G4G Resources Inc. (TSX Venture Exchange)
Gordon McCreary	Castle Mountain Mining Company Limited (TSX Venture Exchange) Probe Mines Limited (TSX Venture Exchange) McChip Resources Inc. (TSX Venture Exchange)
Alberto Hassan	International Iron Metallics Association, Ltd. (UK)
Annie Storey	Bell Copper Corporation (TSX Venture Exchange), Prime Meridian Resources Inc. (TSX Venture Exchange)

### **Orientation and Continuing Education**

The Corporation does not provide formal continuing education to its directors. The Board's continuing education is typically derived from correspondence with the Corporation's solicitors, auditors and other advisers to remain up to date in relevant corporate and securities' law matters. In addition, historically, Board members have been nominated who are familiar with the Corporation and the nature of its business.

### **Ethical Business Conduct**

The role of the Board is to oversee the conduct of the Corporation's business, to set corporate policy and to supervise management, which is responsible to the Board for the day-to-day conduct of business. However, given the size of the Corporation, all material transactions are addressed at Board level.

The Board discharges six specific responsibilities as part of its overall stewardship responsibility.

These are:

- **Strategic Planning Process:** Given the Corporation's size, the strategic plan is elaborated directly by

management, with input from, and the assistance of, the Board.

- **Managing Risk:** The Board directly oversees most aspects of the business of the Corporation and thus does not require the elaboration of systems or the creation of committees to effectively monitor and manage the principal risks of all aspects of the business of the Corporation.
- **Appointing, Training and Monitoring Senior Management:** No formal system of selection, training and assessment of management has been established; however, the Board monitors management's performance, which is measured against the overall strategic plan, through reports and regular meetings with management.
- **Communication Policy:** It is and always has been the unwritten policy of the Board to communicate effectively with its shareholders, other stakeholders and the public generally through statutory filings and mailings, as well as news releases. The Corporation's shareholders are provided the opportunity to make comments to the Board by telephone or written communications, or at shareholder meetings. In addition, in May of 2011, the Board adopted a disclosure policy with the objective of ensuring that communications to the investing public about the Corporation are in compliance with all applicable regulatory requirements, are timely, factual and accurate, and are broadly disseminated in accordance with all applicable legal and regulatory requirements. The policy provides guidance on the disclosure of material information, a process for the review of Corporation documents, confidentiality requirements, and other requirements concerning press releases, designation of spokespersons, and other communication with third parties. Information relating to the Corporation is filed on the System for Electronic Data Analysis and Retrieval (“**SEDAR**”) and can be accessed on the internet at [www.sedar.com](http://www.sedar.com), as well as on the Corporation's website at [www.ringoffireresources.com](http://www.ringoffireresources.com).
- **Insider Trading Policy:** The Corporation's insider trading policy regulates trading in the Corporation's securities by directors, officer, employees, and certain third party contractors. The policy also imposes restrictions in the disclosure and use of material non-public information concerning the Corporation.
- **Ensuring the Integrity of the Corporation's Internal Control and Management System:** The Corporation has adopted a number of policies to assist the Board in effectively tracking and monitoring the implementation and operation of approved strategies. Such policies include a whistleblower and complaints policy describing how to submit complaints, who manages the complaints, and how confidentiality is maintained.

### **Nomination of Directors**

The Board performs most of the function of a nominating committee with respect to the appointment and assessment of directors. The Board believes that this is a practical approach at this stage of the Corporation's development and given the small size of the Board.

While there are no specific criteria for Board membership, the Corporation attempts to attract and maintain directors with business knowledge and a particular knowledge of mineral exploration and development or other areas such as finance which would assist in guiding the Corporation's officers in the performance of their roles.

### **Compensation**

A Compensation Committee of the Board was established in September of 2011. This committee is currently composed of two directors: Gordon McCreary and Paul Sarjeant, both of whom are independent

in accordance with MI 52-110. The mandate of this committee is to establish appropriate levels of compensation for the directors, officers, contractors and consultants of the Corporation.

Directors do not receive any compensation in their capacities as directors, although they are all eligible to receive grants of stock options under the Plan.

Compensation to Executive Officers of the Corporation who also act as directors of the Corporation is disclosed under “Executive Compensation” above.

### **Assessments**

The Board assesses, on an annual basis, the contribution of the Board as a whole and of each of the individual directors, in order to determine whether each is functioning effectively.

## **AUDIT COMMITTEE**

The Audit Committee’s primary purpose is to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting and accounting compliance, the audit process and processes for identifying, evaluating and monitoring the management of the Corporation’s principal risks impacting financial reporting. The committee also assists the Board with the oversight of financial strategies and overall risk management.

The Audit Committee is composed of Paul Sarjeant, and Gordon McCreary, each of whom is a director of the Corporation. In accordance with Exchange Policy 3.1, the majority of the Audit Committee are not employees, Control Persons (as defined by the rules and policies of the Exchange) or officers of the Corporation.

Messrs. Sarjeant, and McCreary are all “independent” as such term is defined in National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”). All members of the Audit Committee are “financially literate” as such term is defined in NI 52-110. A copy of the charter of the Audit Committee (the “**Audit Committee Charter**”) is attached as Schedule “A” to this Circular.

### **Relevant Education and Experience**

All of the current members of the Audit Committee have the education and/or practical experience required to understand and evaluate 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.

### **Gordon McCreary**

Mr. McCreary has more than 40 years of mining experience including exploration management, mining operations and a broad range of financial experience within the mining industry. Mr. McCreary has acted as an independent and managing director for various public companies. Mr. McCreary currently serves on the audit committee of Probe Mining Limited. Due to his experience as a director or officer of various public companies and as a member of the audit committee of Probe Mining Limited, Mr. McCreary is extensively familiar with financial statements and accounting principles.



## **Paul Sarjeant**

Mr. Sarjeant has more than 25 years of mining experience and exploration management in North and South America and throughout Africa, Asia and Europe. Mr. Sarjeant serves as a director/consultant to a number of private and public mining companies. Due to his experience as a director or officer of various public and private companies and as a member of the audit committee of Northern Iron Corp., Mr. Sarjeant is familiar with financial statements and accounting principles.

### Audit Committee Oversight

At no time since the commencement of the Corporation's most recently completed financial year have any recommendations by the Audit Committee respecting the appointment and/or compensation of the Corporation's external auditors not been adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in relation to "*De Minimis Non-audit Services*" or any exemption provided by Part 8 of NI 52-110.

### Pre-Approval Policies and Procedures

Pursuant to the terms of the Audit Committee Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the Corporation's external auditor.

### External Auditor Service Fees (By Category)

<b>Category of Fees</b>	<b>Year Ended September 30, 2013</b>	<b>Year Ended September 30, 2012</b>
Audit Fee <sup>(1)</sup>	\$18,500	\$30,000
Audit-Related Fees <sup>(2)</sup>	\$Nil	\$Nil
Tax Fees <sup>(3)</sup>	\$Nil	\$Nil
All Other Fees <sup>(4)</sup>	\$Nil	\$Nil

#### **Notes:**

- (1) Aggregate fees billed by the Corporation's external auditor in the fiscal year for audit services.
- (2) Aggregate fees billed in the fiscal year for assurance and related services by the Corporation's external auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements.
- (3) Aggregate fees billed in the fiscal year for professional services rendered by the Corporation's external auditor for tax compliance, tax advice, and tax planning.
- (4) Aggregate fees billed in each of the last two fiscal years for products and services provided by the Corporation's external auditor, other than the services reported in the rows above.

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

No "informed person" (as such term is defined in NI 51-102) or proposed nominee for election as a director of the Corporation or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction in which the Corporation has participated since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or could materially affect the Corporation.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### 1. Election of Directors

The number of directors on the board of directors of the Corporation to be elected is four (4). It is intended that each person whose name appears below will be nominated at the Meeting for election as a director of the Corporation to hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed pursuant to the by-laws of the Corporation. The enclosed form of proxy permits Shareholders to vote for each nominee on an individual basis.

**UNLESS THE SHAREHOLDER SPECIFIES IN THE ENCLOSED FORM OF PROXY THAT THE COMMON SHARES REPRESENTED BY THE PROXY ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS, THE PERSON NAMED IN THE FORM OF PROXY SHALL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE ELECTION OF THE PERSONS WHOSE NAMES ARE SET FORTH BELOW. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT DESIGNEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS OR HER PROXY THAT HIS OR HER COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.**

The following table sets out certain information as at the date of this Circular (unless otherwise indicated) with respect to the persons being nominated at the Meeting for election as directors. Information regarding Common Shares owned by each director of the Corporation is presented to the best knowledge of management of the Corporation and has been furnished to management of the Corporation by such directors.

<b>Name, Province of Residence, Positions with Corporation</b>	<b>Director Since</b>	<b>Shares Beneficially Owned</b>	<b>Principal Occupation and Past Experience</b>
Basil Botha British Columbia, Canada President and CEO	March 23, 2010	924,500 <sup>(1)</sup>	Mr. Botha served as an Executive Chairman of the Corporation until June 2012 and the President and Chief Executive Officer of the Corporation since January 2011. Mr. Botha has more than 35 years international coal mining and marketing experience, primarily gained with Otavi Mining Ltd. and Reef Coal Mining Ltd. in Johannesburg, South Africa. He has extensive knowledge dealing with coal beneficiation processes and ancillary by-products and has specialized in start-up mining operations, mergers, acquisitions and corporate finance.

<p>Alberto Hassan Member of the Compensation Committee</p>	<p>May 29, 2012</p>	<p>Nil<sup>(2)</sup></p>	<p>Alberto Hassan has 45 years of experience in the steel and automotive industry. Mr. Hassan was instrumental in the development of the Hot Briquetted Iron (HBI) industry in Venezuela, as well as the FINMET® Process Technology. Among others, he served as the President and CEO of Orinoco Iron, Executive Director of VENPRECAR, Project Director of the an HBI plant and a Steel mill, General Manager of FIOR de Venezuela, Chairman of the Copal Palua Port and Plant Manager of General Motors de Venezuela. Mr. Hassan founded the HBI Association, the international trade association for HBI In 1998 and served as its Chairman until the merger in 2011 of HBI Association with International Pig Iron Association (IPIA), which resulted in formation of the International Iron Metallics Association (IIMA), where he currently serves as President.</p>
<p>Paul Sarjeant Ontario, Canada Director Member of the Compensation Committee</p>	<p>October 13, 2011</p>	<p>Nil<sup>(3)</sup></p>	<p>Mr. Sarjeant is a Professional Geologist who has been involved in mineral exploration and development in North and South America and throughout Africa, Asia and Europe for more than 25 years. He holds a BSc (Honours) in geological sciences from Queen’s University in Kingston, Ontario and is a member of the Association of Professional Geoscientists of Ontario. Mr. Sarjeant worked with Echo Bay Mines as Senior Geologist, International Project Valuations to 1995 and served as President and CEO of Auric Resources Ltd to 1999 and was President and CEO of Grandview Gold Inc to 2011 and held the same position with Lions Gate Metals Inc. until late 2012. Mr. Sarjeant serves as a director/consultant to a number of private and public mining companies. He currently is founder of Doublewood Consulting Inc. and is currently Vice President of Exploration for Global Cobalt Inc.</p>

<p>Annie Storey British Columbia, Canada Director</p>	<p>February 6, 2014</p>	<p>Nil<sup>(4)</sup></p>	<p>Ms. Storey brings over 25 years of experience providing accounting, financial reporting and corporate services to public and private companies with operations around the world in such industries as mining and exploration, oil and gas, technology, entertainment, manufacturing, real estate and biotechnology. Her experience includes twelve years in public practice with the MNP and KPMG in the areas of audit, accounting and quality control, as well as with other mid-sized CA firms registered with the Canadian Public Accountability Board and the Public Company Accounting Oversight Board.</p>
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- (1) Mr. Botha also holds stock options exercisable for 950,000 Common Shares (options exercisable for 250,000 Common Shares at an exercise price of \$0.10 per share until April 1, 2015; options exercisable for 350,000 Common Shares at an exercise price of \$0.10 per share until June 11, 2015 and options exercisable for 350,000 Common Shares at an exercise price of \$0.05 per share until February 27, 2019).
- (2) Mr. Hassan holds stock options exercisable for 450,000 Common Shares (options exercisable for 300,000 Common Shares at an exercise price of \$0.15 per share until July 3, 2017 and options exercisable for 150,000 Common Shares at an exercise price of \$0.05 per share until February 27, 2019).
- (3) Mr. Sarjeant holds stock options exercisable for 600,000 Common Shares (options exercisable for 200,000 Common Shares at an exercise price of \$0.30 per share until October 13, 2016; options exercisable for 150,000 Common Shares at an exercise price of \$0.30 per share until November 7, 2016; options exercisable for 100,000 Common Shares at an exercise price of \$0.15 per share until July 3, 2017 and options exercisable for 150,000 Common Shares at an exercise price of \$0.05 per share until February 27, 2019).
- (4) Ms. Storey holds stock options exercisable for 300,000 Common Shares at an exercise price of \$0.05 per share until February 27, 2019.

Pursuant to Item 7.2 of National Instrument 51-102F5 – Continuous Disclosure Obligations, the following disclosure is being made with respect to persons proposed to be nominated by management of the Corporation for election as a director.

***Corporate Cease Trade Orders***

To the knowledge of the Corporation, no proposed director is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive

days (an “**Order**”), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; 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 of such company.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

***Bankruptcies, or Penalties or Sanctions***

Basil Botha, the President and CEO of the Corporation was subject to an investigation by the British Columbia Securities Commission (the “**BCSC**”) in connection with whether or not, during the period from January 1, 2006 to February 18, 2008, in relation to his activities with respect to an investment club, including managing online brokerage accounts for some of the members and charging the members on a fee for profit basis, he may have breached section 34 of the *Securities Act* (British Columbia), which provides that a person must not act as an advisor unless the person is registered.

Mr. Botha’s counsel and the BCSC have entered into a settlement agreement, pursuant to which Mr. Botha reimbursed the fees paid by members of the investment club and paid \$10,000 to the BCSC in respect of settlement of the matter. The settlement agreement provided that Mr. Botha will comply fully with the *Securities Act* (British Columbia), the Securities Rules, BC Reg. 194/97, and any applicable regulations and Mr. Botha was prohibited from becoming or acting as an advisor for a period of three years from the date of the settlement agreement. Under the terms of the settlement agreement, Mr. Botha was not prohibited from acting as a director of a public company.

The shares of G4G Resources Ltd. were halted from trading on the TSX Venture Exchange due to a request by the TSX Venture Exchange for the company to provide an NI 43-101 compliant technical report on a mineral property of the company. The trading halt was imposed for the period of time between the date of the request and the date when the report was provided to the TSX Venture Exchange. Mr. Botha is the President and Chief Executive Officer and Mr. Paul Sarjeant is a director of G4G Resources Ltd.

Effective May 8, 2013, TSX Venture Exchange (the “**Exchange**”) suspended trading in the securities of G4G Resources Ltd., as a result of a cease trade order issued by the British Columbia Securities Commission. A copy of the Exchange bulletin can be obtained from [tmx.com](http://tmx.com).

Except as disclosed above, to the knowledge of the Corporation, no proposed director:

- (a) is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) 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 his assets;

- (c) 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
- (d) has been subject to any 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.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the proposed directors.

## 2. **Appointment of Auditor**

Management proposes to nominate MNP LLP, Chartered Accountants, to hold office until the next annual meeting of Shareholders.

**IT IS INTENDED THAT THE COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MNP LLP, CHARTERED ACCOUNTANTS, AS AUDITOR OF THE CORPORATION AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPOINTMENT OF THE AUDITOR.**

## 3. **Approval of Stock Option Plan**

### *Summary of Stock Option Plan*

The policies of the Exchange provide that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees, management company employees and consultants of the Corporation and its Affiliates, non-transferable options to purchase Common Shares for a period of up to ten years from the date of grant, provided that the number of Common Shares reserved for issuance may not exceed 10% of the total issued and outstanding Common Shares at the date of the grant.

The Corporation adopted the Plan on May 1, 2010. The Plan was amended by the Board on May 2, 2011 and approved by the shareholders on May 29, 2012 and August 8, 2013. The amendments to the Corporation's Plan in 2011 were made for the purpose of compliance with TSX Venture Exchange Policy 4.4 relating to stock option plans.

As of September 30, 2013, the number of Common Shares reserved for issuance was 4,025,000 under the Plan. The maximum number of Common Shares that may at any one time be reserved for issuance under the Plan is 10% of the number of Common Shares issued and outstanding at that time. As of September 30, 2013, the maximum number of Common Shares that could be reserved for issuance under the Plan was 7,662,987. At that date, the number of Common Shares that are reserved for future issuance under future options that may be, but have not been, issued under the Plan was 3,637,987. Any Common Shares subject to an option, which for any reason is cancelled or terminated without having been exercised, are again available to be granted under the Plan.

The persons eligible to receive stock options under the Plan are any director, officer, employee (full or part-time), consultant or management company employee of the Corporation or any affiliate of the Corporation designated by the directors under the Plan.

The Board currently administers the Plan, but administration may be delegated to a committee of the Board. The Board has the authority to determine, among other things, the persons to whom options are granted and the number of such options. At the time an option is granted, the Board also determines the exercise price of the option which, subject to a minimum price of \$0.10, shall be equal to the closing price of the Common Shares on such stock exchange or quotation system on which the Common Shares may be listed or quoted on the day immediately preceding the date of grant, and any vesting criteria or other restrictions with respect to the exercisability of the option. Options granted will vest immediately on being granted, unless the Board determines otherwise. Subject to any restrictions contained in the Plan, the Board may also impose such other terms and conditions, as it shall deem necessary or advisable at the time of grant.

The term of the options will be determined by the Board, but in any case must be no more than five years from the date of grant. Options are not transferable other than by testamentary will or the laws of descent and distribution. If an optionee ceases to be an eligible person, pursuant to the Plan, for any reason whatsoever, the option (to the extent that it has vested at the time of termination) is exercisable for a period of 90 days or until the option's expiration date, whichever is earlier, after which time the options will terminate and be of no further force and effect. If an optionee dies, the legal representative of the optionee may exercise the option (to the extent that it has vested at the time of death) until the earlier of one year after the date of death and the option's expiration date.

The Plan provides that the maximum number of Common Shares which may be reserved for issuance to any participant pursuant to options may not exceed 5% of the Common Shares outstanding at the time of grant (on a non-diluted basis) less the aggregate number of Common Shares reserved for issuance to such person under any other option to purchase Common Shares under any other share compensation arrangement. Under the Plan, the maximum number of Common Shares that may be issued to any participant, or to any one insider and its associates, within a one-year period pursuant to option exercises may not exceed 5% of the outstanding issue.

The maximum number of Common Shares which may be reserved for issuance to all the insiders of the Corporation pursuant to share options is limited to 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis) less the aggregate number of Common Shares reserved for issuance to insiders under any other share compensation arrangement.

The Corporation will not provide any optionee with financial assistance in order to enable such optionee to exercise share options granted under the Plan.

#### ***Approval of the Stock Option Plan***

As the Plan provides for a rolling maximum number of Common Shares which may be issuable upon the exercise of options granted under the Plan, Exchange Policy 4.4 requires that the Plan receive shareholder approval each year at the annual shareholders' meeting. Accordingly, Shareholders will be asked to consider and, if thought appropriate, pass a resolution approving the Plan. A copy of the Plan is attached as Schedule "B" to this Circular.

The Board has unanimously approved the Plan and recommends that Shareholders vote FOR the resolution regarding the Plan. An affirmative vote of a majority of the votes cast at the Meeting is sufficient to pass the resolution approving the resolution regarding the Plan.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

**“WHEREAS** the policies of the TSX Venture Exchange require annual shareholder approval for the continuation of the rolling stock option plan of the Corporation (the **“Plan”**);

**RESOLVED THAT:**

1. the Plan, in the form attached as Schedule “B” to the management information circular of the Corporation dated March 3rd, 2014, is hereby authorized and approved.
2. any one officer and director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE PLAN.**

4. **Amendment to By-law No. 1 – Advance Notice Provision**

The Corporation wishes to confirm By-Law No. 1A, a copy of which is attached as Schedule “C” hereto, which amends By-Law No. 1 of the Corporation. By-Law No. 1A is being presented for confirmation by Shareholders to provide for advance notice of nominations of directors (the **“Advance Notice Provision”**) in circumstances where nominations for election to the Board are made by Shareholders. The Advance Notice Provision provides Shareholders, directors and management of the Corporation with a transparent, structured and fair process for nominating directors of the Corporation in connection with any annual or special meeting of Shareholders.

The purpose of the Advance Notice Provision is to: (i) ensure that all Shareholders receive adequate notice of director nominations and sufficient time and information with respect to all nominees to make appropriate deliberations and register an informed vote; and (ii) facilitate an orderly and efficient process for annual or, where the need arises, special meetings of Shareholders. The Advance Notice Provision fixes a deadline by which registered Shareholders must submit director nominations to the Corporation prior to any annual or special meeting of Shareholders and sets forth the information that a Shareholder must include in a written notice to the Corporation for any director nominee to be eligible for election at such annual or special meeting of Shareholders. As a result of these requirements, the Advance Notice Provision provides all Shareholders with the opportunity to participate effectively in the election of directors by allowing them to consider all director nominees and to be made aware of potential proxy contests in advance of an annual or special meeting of Shareholders.



*Terms of the Advance Notice Provision*

The following is a brief summary of certain provisions of the Advance Notice Provision in By-Law No. 1A and is qualified in its entirety by the full text of By-Law No. 1A which is attached as Schedule “C” hereto.

Other than pursuant to: (i) a proposal made in accordance with the Ontario *Business Corporations Act* (the “**OBCA**”) or (ii) a requisition of a meeting of Shareholders made in accordance with the OBCA, Shareholders must give advance written notice to the Corporation of any nominees for election to the Board.

The Advance Notice Provision fixes a deadline by which registered Shareholders must submit, in writing, nominations for directors to the corporate secretary of the Corporation prior to any annual or special meeting of Shareholders and sets forth the specific information that such holders must include with their nominations in order to be effective.

For an annual meeting of Shareholders, notice to the Corporation must be not less than 30 and not more than 65 days prior to the date of the annual meeting; save and except where the annual meeting is to be held on a date less than 50 days after the date on which the first public announcement of the date of such annual meeting was made, in which event notice may be given not later than the close of business on the 10th day following such public announcement.

For a special meeting of Shareholders (that is not also an annual meeting), notice to the Corporation must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of such special meeting was made.

For the purposes of the Advance Notice Provision, “public announcement” means disclosure in a press release disseminated by the Corporation through a national news service in Canada, or in a document filed by the Corporation for public access under its profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Board of Directors of the Corporation may, in its sole discretion, waive any requirement of the Advance Notice Provision.

*Shareholder Approval*

By-Law No. 1A was approved by the Board on March 18, 2014 and is in effect until it is confirmed, confirmed as amended or rejected by Shareholders at the Meeting, and if confirmed or confirmed as amended, By-Law No. 1A will continue in effect in the form in which it was so confirmed and the amendment of By-Law No. 1 thereby will continue. If Shareholders reject the confirmation of By-Law No. 1A, the former By-Law No. 1, in its unamended form, will become effective again, as of the date of the Meeting (and not retroactively).

Accordingly, at the Meeting, Shareholders will be asked to consider, and, if deemed advisable, approve a resolution confirming, ratifying and approving the Corporation’s By-Law No. 1A attached as Schedule “C” hereto (the “**Advance Notice Resolution**”). In order for the Advance Notice Resolution to be effective, it must be approved by a resolution passed by a majority of the votes cast by Shareholders present in person or represented by proxy at the Meeting.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

**“RESOLVED THAT:**

1. By-Law No. 1A of the Corporation, substantially in the form as set forth in Schedule “C” to the management information circular of the Corporation dated March 18, 2014 is hereby confirmed, ratified and approved; and
2. any one officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE ADVANCE NOTICE RESOLUTION IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE ADVANCE NOTICE RESOLUTION.**

**5. Creation of New Control Person**

As of the date of this Circular, the Corporation is in late stage discussions with an arm’s length party (the “**Potential Placee**”) in respect to a potential private placement (“**Private Placement**”) of equity securities of the Corporation involving the Potential Placee. The terms of such a Private Placement have not yet been finalized or approved by the Exchange (which conditional approval would have to occur prior to the closing of such Private Placement). In addition, the specific terms associated with such Private Placement would be disclosed in advance of closing of such Private Placement by way of press release.

Pursuant to the policies of the Exchange, any person that holds, or is one of a combination of persons that holds, a sufficient number of any of the securities of an issuer so as to materially affect the control of that issuer, or that holds more than 20% of the outstanding voting shares of an issuer (except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer) is deemed to be a “Control Person” under those policies and any transaction that could result in the creation of a new Control Person requires shareholder approval.

In connection with the Private Placement, the Corporation believes the Potential Placee may acquire up to 19.9% of the Corporation’s shares at the closing of such Private Placement. If warrants are attached to such Private Placement (which would be likely), then on exercise of such warrants, such party could become a new Control Person. Typically, the Exchange permits a placee in such circumstances to execute an undertaking (“**Undertaking**”) not to exercise any further convertible securities prior to obtaining shareholder approval. Accordingly, at the Meeting, the Corporation plans to seek shareholder approval to such party becoming a new “Control Person” on the exercise of any such convertible securities subject to an Undertaking. Specifically, shareholders will be asked to approve a resolution (the “**Control Person Resolution**”) approving the creation of the Potential Placee as a new Control Person in such circumstance. Pursuant to the policies of the Exchange, any Common Shares controlled or directed by the Potential Placee will be excluded from voting on the Control Person Resolution.

The complete text of the resolution which management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

**“RESOLVED THAT:**

1. the creation of the Potential Placee as a new Control Person (as defined in the policies of the Exchange), be and is hereby approved, ratified and confirmed; and
2. any one officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.”

**COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE CONTROL PERSON RESOLUTION IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE CONTROL PERSON RESOLUTION.**

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

No person or company who is, or at any time during the financial year ended September 30, 2013 was, a director or executive officer of the Corporation, a proposed management nominee for election as a director of the Corporation, or an associate or affiliate of any such director, executive officer or proposed nominee, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation’s audited financial statements and Management’s Discussion and Analysis (“**MD&A**”) for the year ended September 30, 2013. In addition, copies of the Corporation’s annual financial statements and MD&A and this Circular may be obtained upon request to the Corporation. The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

**APPROVAL OF BOARD OF DIRECTORS**

The contents of this Circular and the sending of it to each director of the Corporation, to the auditor of the Corporation, to the Shareholders and to the appropriate governmental agencies, have been approved by the directors of the Corporation.

Dated: March 3rd, 2014.

**BY ORDER OF THE BOARD**

*“Basil Botha”*

Basil Botha  
President and Chief Executive Officer

**SCHEDULE A**  
**AUDIT COMMITTEE CHARTER**  
**NORTHERN IRON CORP.**

**I. Mandate and Purpose of the Committee**

The Audit Committee (the “**Committee**”) of the board of directors (the “**Board**”) of Northern Iron Corp. (the “**Company**”) is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company’s financial statements, Management’s Discussion & Analysis (“**MD&A**”) and other financial reporting;
- (b) the qualifications, independence and performance of the Company’s auditor;
- (c) internal controls over financial reporting and disclosure controls and procedures;
- (d) the Company’s compliance with legal and regulatory requirements, as they relate to the Company’s financial statements and MD&A
- (e) communication among the Company’s auditor, senior management of the Company (“**Management**”) and the Board; and
- (f) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

**II. Authority**

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties;
- (b) access without restriction all Company personnel and documents necessary to carry out its responsibilities; and
- (c) communicate directly with the Company’s auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

**III. Composition and Expertise**

The Committee shall be composed of a minimum of three members, each whom is a director of the Company. Each Committee member must be “independent” and “financially literate” as such terms are defined under the Canadian Securities Administrators’ National Instrument 52-110 – *Audit Committees*, subject to any available exemptions.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint the Chair of the Committee, who may serve consecutive terms.

#### **IV. Meetings**

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 48 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as to permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

#### **V. Committee and Charter Review**

The Committee may conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee may also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, and may also consider requirements and guidelines established by Canadian securities regulators and stock exchanges, and shall recommend changes to the Board thereon.

#### **VI. Reporting to the Board**

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

## **VII. Duties and Responsibilities**

### **(a) Financial Reporting**

The Committee is responsible for reviewing and recommending approval to the Board of the Company's financial statements, MD&A and annual and interim earning press releases before the Company publicly discloses this information.

The Committee is also responsible for:

- (i) engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;
- (ii) discussing with management and the Company's auditor the quality of applicable reporting standards, not just the acceptability thereof;
- (iii) discussing with management any significant variances between comparative reporting periods;
- (iv) establishing adequate procedures for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements and periodically assessing the adequacy of these procedures; and
- (v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

### **(b) Auditor**

The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
- (ii) the compensation of the Company's auditor. The Company's auditor is required to report directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

### **(c) Relationship with the Auditor**

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

- (i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;

- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

**(d) Accounting Policies**

The Committee is responsible for:

- (i) reviewing the Company's accounting policies to ensure completeness and acceptability with applicable reporting standards as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards and other legislation applicable to the Company;
- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting; and
- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments.

**(e) Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements and their uncertainty notes and disclosures. The Committee, in consultation with management, will identify the principal business risks and decide on the Company's tolerance for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring. The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

**(f) Controls and Control Deviations**

The Committee is responsible for reviewing:

- (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

**(g) Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

- (i) tax and financial reporting laws and regulations;

- (ii) legal withholdings requirements;
- (iii) environmental protection laws; and
- (iv) other matters for which directors face liability exposure.

**VIII. Non-Audit Services**

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

**IX. Submission Systems and Treatment of Complaints**

The Committee is responsible for establishing procedures for:

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

**X. Hiring Policies**

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

Effective date of this Audit Committee Charter: May 13, 2011



## SCHEDULE B

### AMENDED STOCK OPTION PLAN

(Effective as of May 2, 2011)

#### 1. PURPOSE

The purpose of this Stock Option Plan (the “**Plan**”) is to provide an incentive to the directors, officers, consultants, and employees of the Corporation or any of its subsidiaries to achieve the longer term objectives of the Corporation, to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Corporation on an ongoing basis, and to attract to and retain in the employ of the Corporation and its subsidiaries, persons of experience and ability, by providing them with the opportunity to acquire an increased proprietary interest in the Corporation.

#### 2. DEFINITIONS

When used in this Plan, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them as follows:

- a) “**Board of Directors**” means the Board of Directors of the Corporation;
- b) “**Common Shares**” means the Common Shares of the Corporation and any share or securities of the Corporation into which such Common Shares are changed, converted, subdivided, consolidated or reclassified;
- c) “**Corporation**” means Northern Iron Corp. and any successor corporation, and any reference herein to action by the Corporation means action by or under the authority of its Board of Directors or a duly empowered committee appointed by the Board of Directors;
- d) “**Discounted Market Price**” means the Market Price less the maximum discounts based on closing price, subject to such minimum exercise price mandated under the policies of the TSX Venture Exchange or other relevant stock exchange or regulatory authority;
- e) “**Insider**” has the meaning set forth in Policy 1.1 of the TSX Venture Exchange, as it has been or may be amended on one or more occasions;
- f) “**Investor Relations Activities**” has the meaning set forth in Policy 1.1 of the TSX Venture Exchange, as it has been or may be amended on one or more occasions;
- g) “**Market Price**” means the per share closing price for the Common Shares on the TSX Venture Exchange, or if not then listed on the TSX Venture Exchange, on the stock exchange on which the greatest volume of Common Shares is traded on the last Trading Day immediately preceding the date of such grant;
- h) “**Option**” means an option granted by the Corporation to an Optionee entitling such Optionee to acquire a designated number of Common Shares from treasury at a price to be determined by the Board of Directors;

- i) “**Option Period**” means such period as may be determined by the Board of Directors during which an Optionee may exercise an Option, commencing on the date such Option is granted to such Optionee and ending no later than the date ten (10) years thereafter;
- j) “**Optionee**” means a person who is a director, officer, consultant, employee or management company employee of the Corporation or its subsidiaries, or a corporation wholly-owned and controlled by such a person, who is granted an Option pursuant to this plan;
- k) “**Plan**” means the Stock Option Plan of the Corporation as created hereby and as amended from time to time and;
- l) “**Trading Day**” means a day on which at least a board lot of Common Share shall have been sold through the facilities of TSX Venture Exchange or other relevant stock exchange.

### 3. **ADMINISTRATION**

The Plan shall be administered by the Board of Directors. The Board of Directors shall have full and final discretion to interpret the provisions of the Plan and to prescribe, amend, rescind and waive rules and regulations to govern the administration and operation of the Plan, and all decisions and interpretations made by the Board of Directors shall be binding and conclusive upon the Optionees and the Corporation, subject to shareholder approval if required by any relevant stock exchange. Notwithstanding the foregoing or any other provision contained herein, the Board of Directors shall have the right to delegate the administration of the Plan to the President of the Compensation Committee of the Corporation (if created).

### 4. **ELIGIBILITY**

The Board of Directors may from time to time designate those Optionees who are to be granted an Option pursuant to the Plan and grant an Option to such Optionee. If the Corporation grants stock options to an employee, consultant, management company employee, or to a corporation owned by an employee, consultant, or management company employee then the Corporation must represent that the intended Optionee is a bona fide employee, consultant or management company employee.

The number of authorized but unissued Common Shares that may be subject to Options granted to Optionees under the Plan at any time plus the number of Common Shares that have been issued prior to such time on exercise of Options granted under the Plan, shall not exceed 10% of the issued Common Shares of the Corporation, with no vesting provisions, subject to the following conditions:

- a) No more than five percent (5%) of the issued and outstanding Common Shares of the Corporation may be granted to any one (1) individual in any 12 month period;
- b) No more than two percent (2%) of the issued and outstanding Common Shares of the Corporation may be granted to any one (1) consultant in any 12 month period; and
- c) No more than two percent (2%) of the issued and outstanding Common Shares of the Corporation may be granted to all persons employed primarily to conduct Investor Relations Activities in any 12 month period;

provided that appropriate adjustments shall be made as set forth in Section 10 hereof, both in the total number of Common Shares authorized to be issued hereunder and the number of Common Shares covered by individual grants, and to give effect to any relevant changes in the capitalization of the Corporation. Common Shares in respect of which Options are not exercised will be available for subsequent Options.

5. **PARTICIPATION**

- a) Participation in the Plan shall be entirely voluntary and any decision not to participate shall not affect an Optionee's relationship or employment with the Corporation;
- b) Notwithstanding any express or implied term of the Plan to the contrary, the granting of an Option pursuant to the Plan shall in no way be construed as a guarantee of employment by the Corporation to the Optionee; and
- c) No Optionee shall have any rights whatsoever as a shareholder in respect of any of the Common Shares under an Option, including the right to receive dividends or other distributions therefrom or thereon, other than in respect to Common Shares in respect of which the Optionee shall have exercised the Option and which the Optionee shall have actually taken up and paid in full, pursuant to the Plan.

6. **OPTION AGREEMENT**

A written agreement will be entered into between the Corporation and each Optionee to whom an Option is granted hereunder, which agreement will set out the number of Common Shares subject to option, the exercise price and any other terms and conditions approved by the Board of Directors, all in accordance with the provisions of this Plan (herein referred to as the "**Stock Option Agreement**"). The Stock Option Agreement will be in the form of agreement as the Board of Directors may from time to time approve, and may contain such terms as may be considered necessary in order that the Option will comply with any provisions respecting options in the income tax or other laws in force in any country or jurisdiction of which the Optionee may from time to time be a resident or citizen or the rules of any regulatory body having jurisdiction over the Corporation.

7. **EXERCISE OF OPTIONS**

- a) An Optionee shall be entitled to exercise an Option granted to him at any time prior to the expiry of the Option Period;
- b) The exercise price of an Option granted under the Plan shall be as determined by the Board of Directors when such Option is granted subject to any limitations imposed by any relevant stock exchange or regulatory authority, and shall be an amount at least equal to the Discounted Market Price of the Common Shares;
- c) An Option shall not be exercisable for more than 90 days after an Optionee ceases to be a director, officer, consultant, employee or management company employee of the Corporation for any reason other than death; and

- d) An Option shall not be exercisable for more than 30 days after an Optionee ceases to be a person employed primarily to conduct Investor Relations Activities.

8. **HOLD PERIOD**

In addition to any resale restrictions under relevant securities laws, where the exercise price of an Option is based on the Discounted Market Price, all stock options and any listed Common Shares issued on the exercise of the Option must include the following TSX Venture Exchange hold period commencing on the date the Option was granted:

*Without prior written approval of the Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident before the date that this the fourth month after the grant of the option.*

9. **OPTIONEE'S RIGHT NOT TRANSFERABLE**

- a) No right or interest of any Optionee in or under the Plan is assignable or transferable, in whole or in part, either directly or by operation of law or otherwise in any manner, except by bequeath or the laws of descent and distribution or if so provided in the Stock Option Agreement with the Optionee. Any such right or interest shall be exercisable:
  - (i) during the lifetime of an Optionee only by such Optionee or his legal representatives; or
  - (ii) after the death of an Optionee, only as specified in the Stock Option Agreement with the Optionee, and up to a maximum of one year from the date of the death of the Optionee.
- b) If an Optionee is an Insider of the Corporation at the time of any proposed amendment that would reduce the exercise price of an Option granted to such Optionee, the Corporation must obtain disinterested shareholder approval for such amendment;
- c) Subject to the foregoing, the terms of the Plan shall bind the Corporation and its successors and assigns, and each Optionee and his heirs, executors, administrators and personal representatives.

10. **ANTI-DILUTION; CORPORATE TRANSACTIONS**

In the event of:

- a) any subdivision, redivision or change of the Common Shares at any time during the term of the Option into a greater number of Common Shares, the Corporation shall deliver, at the time of any exercise thereafter of the Option, such additional number of shares as would have resulted from such subdivision, redivision or change if the exercise of the Option has been made prior to the date of such subdivision, redivision or change;
- b) any consolidation or change of the Common Shares at any time during the term of the Option into a lesser number of Common Shares, the number of shares deliverable by the Corporation on any

exercise thereafter of the Option shall be reduced to such number of shares as would have resulted from such consolidation or change if the exercise of the Option had been made prior to the date of such consolidation or change; or

- c) any reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares, or in case of the consolidation, amalgamation or merger of the Corporation with or into any other corporation (other than a consolidation, amalgamation or merger which does not result in a reclassification of the outstanding Common Shares or a change of the Common Shares into other shares), or in case of any transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation, or in case of any change of control of the Corporation, at any time during the term of the outstanding Options, the Board of Directors or the board of directors of any successor corporation or entity may, in its discretion:
  - i. upon written notice to the holders of the outstanding Options, accelerate the exercise date or dates of all outstanding Options;
  - ii. if the outstanding Options have been accelerated pursuant to item (i) above, terminate all outstanding Options prior to consummation of the transaction unless exercised within the period prescribed in the written notice to the holders of such Options;
  - iii. provide for payment of an amount equal to the excess of the Market Price, as determined by the Board of Directors or the board of directors of any successor corporation or entity over the option price of the Common Shares as of the date of the transaction, in exchange for the surrender of the right to exercise the outstanding Options; or
  - iv. provide for the assumption of the outstanding Options, or the substitution thereof of new options, by the successor corporation or entity.

#### 11. **TERMINATION AND ASSIGNMENT**

- a) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of the Corporation or any Optionee whose Option is amended or terminated, in order to conform this Plan or such Option, as the case may be, to applicable law or regulation or the requirements of any relevant stock exchange or regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of such stock exchange or regulatory authority.
- b) The Board of Directors may amend or terminate this Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in Section 11 (a) hereof, subject to the approval of the relevant stock exchange or regulatory authority and the approval of the shareholders of the Corporation if required by such authority. No such amendment or termination will, without the consent of an Optionee, alter or impair any rights which have accrued to him prior to the effective date thereof.

12. **APPLICABLE LAW**

This Plan shall be governed by, administered and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

13. **GENDER**

Wherever the singular or masculine or neuter is used in this Plan, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context or the parties so require.

14. **COSTS**

The Corporation shall pay all costs of administering the Plan.

15. **EFFECTIVE DATE**

The Plan shall become effective as and from, and the effective date of the Plan shall be, May 20, 2010, subject to receipt of all necessary Board and regulatory approvals.

**APPROVED** by the Board of Directors: May 2, 2011.

**SCHEDULE C  
BY-LAW NO. 1A**

**A by-law amending By-Law No. 1 of**

**NORTHERN IRON CORP.  
(the “Corporation”)**

(Adopted by the Board of Directors with immediate effect on March 18, 2014)

2. By-Law No. 1 of the by-laws of the Corporation is hereby amended by adding thereto, following Article Ten (10) thereof, the following:

**ARTICLE ELEVEN  
NOMINATION OF DIRECTORS**

**11.01 Nomination Procedure**

Only persons who are nominated in accordance with the procedures set out in this section 11.01 shall be eligible for election as directors to the board. Nominations of persons for election to the board may only be made at an annual meeting of shareholders, or at a special meeting of shareholders called for any purpose which includes the election of directors to the board, as follows:

- (a) by or at the direction of the board or an authorized officer of the Corporation, 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 the provisions of the Act or a requisition of a meeting of shareholders made in accordance with the provisions of the Act; or
- (c) by any person entitled to vote at such meeting (a “**Nominating Shareholder**”), who: (A) is, at the close of business on the date of giving notice provided for in section 11.03 below and on the record date for notice of such meeting, either entered in the securities register of the Corporation 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 (B) has given timely notice in proper written form as set forth in this section 11.01.

**11.02 Exclusive Means to Bring Nomination**

For the avoidance of doubt, the foregoing section 11.01 shall be the exclusive means for any person to bring nominations for election to the board before any annual or special meeting of shareholders.

**11.03 Timely Notice**

For a nomination made by a Nominating Shareholder to be timely notice (a “**Timely Notice**”), the Nominating Shareholder's notice must be received by the Secretary at the registered office of the Corporation:

- (a) in the case of an annual meeting of shareholders, not later than the close of business on the 30th day and not earlier than the opening of business on the 65th day before the date

of the meeting: provided, however, if the first public announcement made by the Corporation of the date of the annual meeting is less than 50 days prior to the meeting date, not later than the close of business on the 10th day following the day on which the first public announcement of the date of such annual meeting is made by the Corporation; and

- (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board, not 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 is made by the Corporation.

#### **11.04 Time Period for Giving Timely Notice**

The time periods for giving of a Timely Notice shall in all cases be determined based on the original date of the annual meeting or the first public announcement of the annual or special meeting, as applicable. In no event shall an adjournment or postponement of an annual meeting or special meeting of shareholders or any announcement thereof commence a new time period for the giving of a Timely Notice.

#### **11.05 Form of Notice**

To be in proper written form, a Nominating Shareholder's notice to the Secretary must comply with all the provisions of this section 11.05 and:

- (1) disclose or include, as applicable, as to each person whom the Nominating Shareholder proposes to nominate for election as a director (a “**Proposed Nominee**”):
  - (a) their name, age, business and residential address, principal occupation or employment for the past five years and status as a “resident Canadian” (as such term is defined in the Act);
  - (b) their direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
  - (c) any relationships, agreements or arrangements, including financial, compensation and indemnity related relationships, agreements or arrangements, between (i) the Proposed Nominee (or any affiliates or associates of, or any person or entity acting jointly or in concert with, the Proposed Nominee), and (ii) the Nominating Shareholder;
  - (d) a statement that the Proposed Nominee would not be disqualified from being a director pursuant to subsection 118(1) of the Act;
  - (e) a statement as to whether the Proposed Nominee would be an “independent” director (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected and the reasons and basis for such determination;
  - (f) any other information that would be required to be disclosed in a dissident proxy circular or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to the Act or applicable securities law; and



- (g) a duly completed personal information form in respect of the Proposed Nominee in the form prescribed by the principal stock exchange on which the securities of the Corporation are then listed for trading; and
- (2) disclose or include, as applicable, as to each Nominating Shareholder giving the notice and each beneficial owner, if any, on whose behalf the nomination is made:
- (a) their name, business and residential address, direct or indirect beneficial ownership in, or control or direction over, any class or series of securities of the Corporation, including the number or principal amount and the date(s) on which such securities were acquired;
  - (b) their interests in, or rights or obligations associated with, an agreement, arrangement or understanding, the purpose or effect of which is to alter, directly or indirectly, the person's economic interest in a security of the Corporation or the person's economic exposure to the Corporation;
  - (c) any proxy, contract, arrangement, agreement or understanding pursuant to which such person, or any of its affiliates or associates, or any person acting jointly or in concert with such person, has any interests, rights or obligations relating to the voting of any securities of the Corporation or the nomination of directors to the board;
  - (d) any direct or indirect interest of such person in any contract with the Corporation or with any of the Corporation's affiliates or principal competitors;
  - (e) a representation that the Nominating Shareholder is a holder of record of securities of the Corporation, or a beneficial owner, entitled to vote at such meeting, and intends to appear in person or by proxy at the meeting to propose such nomination;
  - (f) a representation as to whether such person intends to deliver a proxy circular and/or form of proxy to any shareholder in connection with such nomination or otherwise solicit proxies or votes from shareholders in support of such nomination; and
  - (g) any other information relating to such person that would be required to be included in a dissident proxy circular or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Act or as required by applicable securities law.

#### **11.06 Currency of Information**

All information to be provided in a Timely Notice pursuant to section 11.05 shall be provided as of the date of such notice. The Nominating Shareholder shall update such information forthwith so that it is true and correct in all material respects as of the date that is 10 business days prior to the date of the meeting, or any adjournment or postponement thereof.

#### **11.07 Corporate Governance**

To be eligible to be a candidate for election as a director and to be duly nominated, a Proposed Nominee must have previously delivered to the Secretary at the registered office of the Corporation, not less than five days prior to the date of the meeting of shareholders, a written representation and agreement (in form provided by the Corporation) that the Proposed Nominee, if elected as a director, will comply with all applicable corporate governance, conflict of interest, confidentiality and insider trading policies and

guidelines of the Corporation in effect during the Proposed Nominee's term in office as a director. Upon the request of a Proposed Nominee or a Nominating Shareholder, the Secretary shall provide copies of all such policies and guidelines then in effect.

#### **11.08 Additional Information**

If requested by the Corporation, a Proposed Nominee shall furnish any other information as may reasonably be required by the Corporation to determine the eligibility of such Proposed Nominee to serve as a director of the Corporation or a member of any committee, with respect to any relevant criteria for eligibility, or that could be material to a shareholder's understanding of the eligibility, or lack thereof, of such Proposed Nominee.

#### **11.09 Notice**

Notwithstanding any other provision of this by-law, any notice, or other document or information required to be given to the Secretary pursuant to this Article Eleven 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 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 registered office of the Corporation, 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 a not a business day or later than 5:00 p.m. (Toronto 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.

#### **11.10 Additional Matters**

- (a) The chair of any meeting of shareholders shall have the power to determine whether any proposed nomination is made in accordance with the provisions of this Article Eleven, and if any proposed nomination is not in compliance with such provisions, must declare that such defective nomination shall not be considered at any meeting of shareholders.
- (b) Despite any other provision of this Article Eleven, if the Nominating Shareholder (or a qualified representative of the Nominating Shareholder) does not appear in person at the meeting of shareholders of the Corporation to present the nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such nomination may have been received by the Corporation.
- (c) Nothing in this Article Eleven shall obligate the Corporation or the board to include in any proxy statement or other shareholder communication distributed by or on behalf of the Corporation or board any information with respect to any proposed nomination or any Nominating Shareholder or Proposed Nominee.
- (d) The board may, in its sole discretion, waive any requirement of this Article Eleven.
- (e) For the purposes of this Article Eleven:
  - (1) “**public announcement**” means disclosure in a press release disseminated by the Corporation through a national news service in Canada, or in a document filed by the Corporation for public access under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and

- (2) “**business day**” means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of Toronto, Ontario.
- (f) This Article Eleven is subject to, and should be read in conjunction with, the Act and the articles. If there is any conflict or inconsistency between any provision of the Act or the articles and any provision of this Article Eleven, the provision of the Act or the articles will govern.

**ARTICLE TWELVE  
ANNUAL OR SPECIAL MEETINGS OF SHAREHOLDERS**

**12.01 Business to be Transacted**

No business may be transacted at an annual or special meeting of shareholders other than business that is either (i) specified in the Corporation's notice of meeting (or any supplement thereto) given by or at the direction of the board, (ii) otherwise properly brought before the meeting by or at the direction of the board, or (iii) otherwise properly brought before the meeting by any shareholder of the Corporation who complies with the proposal procedures set forth in section 12.02 below.

**12.02 Proposal**

- (1) For business to be properly brought before a meeting by a shareholder, such shareholder must submit a proposal to the Corporation for inclusion in the Corporation's management proxy circular in accordance with the requirements of the Act; provided that any proposal that includes nominations for the election of directors shall also comply with the requirements of Article Eleven.
- (2) By-Law No. 1, as amended from time to time, of the by-laws of the Corporation and this by-law shall be read together and shall have effect, so far as practicable, as though all the provisions thereof were contained in one by-law of the Corporation. All terms contained in this by-law which are defined in By-Law No. 1, as amended from time to time, of the by-laws of the Corporation shall, for all purposes hereof, have the meanings given to such terms in the said By-Law No. 1 unless expressly stated otherwise or the context otherwise requires.