



NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
FOR  
ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS  
OF  
ZADAR VENTURES LTD.

Date of the Circular: January 22, 2019



## ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

### NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the shareholders of Zadar Ventures Ltd. (the “**Company**”) will be held 10:30 a.m. PST on February 21, 2019, at 6<sup>th</sup> Floor, 905 West Pender Street, Vancouver, BC V6C 1L6 for the following purposes:

1. to receive the audited financial statements of the Company for the fiscal years ended July 31, 2018 and July 31, 2017, together with the auditors’ report thereon;
2. to elect directors for the ensuing year. See the section entitled *Particulars of Matters to be Acted on at the Meeting – Election of Directors* in the Company’s information circular dated January 22, 2019 (the “**Circular**”);
3. to appoint Baker Tilly WM LLP (formerly Wolrige Mahon Collins Barrow LLP) as the auditors for the Company for the ensuing year and to authorize the directors to fix their remuneration. See the section entitled *Particulars of Matters to be Acted on at the Meeting – Appointment of Auditors* in the Circular;
4. to approve the continuation of the stock option plan of the Company;
5. to consider, and if thought advisable, to amend the Company’s articles to provide the directors of the Company greater flexibility in matters requiring changes to the Company’s articles. See the section entitled *Particulars of Matters to be Acted on at the Meeting – Adoption of Articles*; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Circular, which is attached to this Notice of Meeting. Shareholders may be asked to consider other items of business that may be properly brought before the meeting. Information respecting the use of discretionary authority to vote on any such other business may be found in the section entitled *Particulars of Matters to be Acted on at the Meeting – Other Matters* in the Circular.

Accompanying the Notice of Meeting is a proxy or voting instruction form (“**VIF**”), as applicable, enabling you to vote at the Meeting. Please review the Circular prior to voting.

Dated at Vancouver, British Columbia, this 22<sup>nd</sup> day of January, 2019.

### ON BEHALF OF THE BOARD OF DIRECTORS

/s/ Paul Gray

Paul Gray  
Director, President and Chief Executive Officer



## MANAGEMENT INFORMATION CIRCULAR

Dated: January 22, 2019

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Zadar Ventures Ltd. (the “**Company**”) for use at the annual general and special meeting (the “**Meeting**”) of shareholders of the Company to be held at 10:30 a.m. PST on Thursday, February 21, 2019, at 6<sup>th</sup> Floor, 905 West Pender Street, Vancouver, BC V6C 1L6 and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting.

The board of directors of the Company (the “**Board of Directors**”) has fixed the record date for the Meeting as of the close of business on January 22, 2019 (the “**Record Date**”). Shareholders of record as of the Record Date are entitled to receive notice of the Meeting. Shareholders of record will be entitled to vote those Shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

The solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by directors, officers or regular employees of the Company, none of whom will receive extra compensation for these activities. The cost of this solicitation will be borne by the Company.

If you are a Registered Shareholder, you can vote in person at the Meeting or by proxy as explained below. If you are a Beneficial Shareholder, follow the instructions provided by your Intermediary.

### Appointment of Proxies

As a Registered shareholder, you may wish to vote by proxy whether or not you are able to attend the Meeting in person.

The persons named in the accompanying form of proxy (the “**Proxy**”) are directors or officers of the Company. **A shareholder has the right to appoint a person (who need not be a shareholder of the Company) to attend and represent him or her at the Meeting, other than those persons named in the enclosed form of proxy. A shareholder who wishes to appoint some other person to present him or her at the Meeting may do so either by inserting that other person's name in the blank space provided in the form of proxy and signing the form of proxy, or by completing another proper form of proxy.**

- (a) Registered shareholders electing to submit a proxy may do so by completing, dating and signing the Proxy or some other suitable form of proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”), by fax within and outside North America at 604 661 9401 or by mail or by hand to 3rd Floor, 510 Burrard

Street, Vancouver, BC V6C 3B9.

The proxy must be received by Computershare at least 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or the adjournment thereof at which the proxy is to be used.

### **Voting by Proxy**

Your common shares (the “**Shares**”) will be voted for or against or withheld from voting on each item listed on the proxy in accordance with your instructions on your proxy.

**If you do not specify how you want to vote on any item listed on the Proxy, the directors or officers named in the Proxy will vote the Shares represented by the proxy FOR the approval of that item.**

If you choose to appoint someone other than the directors or officers named in the Proxy to vote on your behalf at the Meeting, he or she will vote your Shares in accordance with your instructions. On items for which you do not specify how you want to vote, your proxyholder will vote your Shares as he or she sees fit.

The Proxy also gives discretionary authority to the proxyholder, whether a director or officer of the Company or a person named by you, to vote your Shares as he or she sees fit on any other matter that may properly come before the Meeting.

### **Beneficial Shareholders**

**The information set forth in this section is of importance to many shareholders, as a substantial number of shareholders are non-registered holders whose Shares are not registered in their own names (“Beneficial Shareholders”).**

The Shares of a Beneficial Shareholder will be registered in the name of one of the following:

- (a) an intermediary that you deal with in respect of your Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (b) a clearing agency (such as The Canadian Depository for Securities Limited in Canada or Cede & Co. in the United States) of which your intermediary is a participant,

all of which are referred to as “**Intermediaries**” in this Circular.

NI 54-101 requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Without specific instructions, Intermediaries are prohibited from voting Shares held for Beneficial Shareholders. The various Intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The voting instruction form supplied to a Beneficial Shareholder by its Intermediary is substantially similar to the form of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the Intermediary) how to vote on behalf of the Beneficial Shareholder.

The vast majority of Intermediaries now delegate responsibility of obtaining voting instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails the VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate their voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. A Beneficial Shareholder who receives a Broadridge VIF cannot use the VIF to vote shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Shares voted.

If you are a Beneficial Shareholder who has received a VIF and you wish to attend the Meeting or have someone else attend on your behalf, you may complete the appointment section of the VIF, inserting the name of the person (yourself or someone else) whom you wish to appoint to attend and vote your Shares at the Meeting. **Beneficial Shareholders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered. If you have any questions respecting the voting of shares held through your broker or other Intermediary, please contact your broker or other Intermediary for assistance.**

Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities that they own (“**Objecting Beneficial Owners**” or “**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities they own (“**Non-Objecting Beneficial Owners**” or “**NOBOs**”).

NI 54-101 permits the Company to obtain a list of its NOBOs from Intermediaries via its transfer agent, and to send Meeting materials to NOBOs directly or indirectly. The Company has elected to send Meeting materials directly to NOBOs. It may retain the services of its transfer agent to handle the mailing of Meeting materials to NOBOs and the tabulation of votes received from NOBOs. Pursuant to NI 54-101, the Company advises as follows:

*By choosing to send these materials to you directly, the issuer (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.*

Meeting materials will not be sent to OBOs directly by the Company, and the Company does not intend to pay for any Intermediary to deliver Meeting materials to OBOs. Accordingly, OBOs will not receive the Meeting materials unless their Intermediary assumes the costs of delivery.

### **Revocation of Proxy**

A Registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a Registered Shareholder or its attorney authorized in writing may revoke a proxy by an instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited with the offices of Computershare at 3rd Floor, 510 Burrard Street, Vancouver, BC V6C 3B9, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) prior to the Meeting (or an adjournment of the Meeting at which the proxy is to

be used), or with the chair of the Meeting on the day of the Meeting. Any revocation made or delivered at the Meeting or any adjournment thereof will be valid only with respect to matters not yet dealt with at the time such revocation is received by the chairman or the scrutineer of the Meeting.

**Only Registered shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change his or her vote must provide instructions in advance of the cut-off date specified by the Intermediary, so that the Intermediary can change the voting instructions on the Beneficial Shareholder's behalf.**

#### **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

The Company is authorized to issue an unlimited number of Shares. As at the date of this Circular, 101,791,336 Shares are issued and outstanding, with each Share entitled to one vote at the Meeting. January 22, 2019 has been fixed by the Board of Directors as the record date for the purpose of determining those shareholders entitled to receive notice of and to vote at the Meeting.

To the knowledge of the directors and senior officers of the Company, as at the date hereof, there are no persons that beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Shares of the Company as at the date hereof.

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

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

#### **Presentation of the Audited Financial Statements for the Years ending July 31, 2018 and July 31, 2017.**

The annual financial statements of the Company for the financial year ended July 31, 2018, and July 31, 2017, together with the report of the auditors thereon, and the related management discussion and analysis will be placed before the shareholders at the Meeting. The annual financial statements of the Company were filed under the Company's profile at [www.sedar.com](http://www.sedar.com) and mailed to shareholders in accordance with applicable laws and written instructions received from shareholders or Intermediaries. Additional copies may be obtained from the Company upon request and will be available at the Meeting. No action is required to be taken at the Meeting with respect to the financial statements.

#### **I. Election of Directors**

The Board of Directors is currently composed of four directors, all of whom are elected annually. At the Meeting, management proposes to nominate the persons named below for election as directors to hold office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) or the Company's articles.

**Unless otherwise directed, the directors or officers named in the Proxy intend to vote FOR the election of the four management nominees named in the table below.**

The following table sets out the names of persons nominated by management for election as directors, all offices and positions with the Company and any of its significant affiliates each nominee now holds,

each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Company and the number of Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the date of this Circular:

<b>Name of Proposed Nominee, Province, Country of Residence and Proposed Position with the Company</b>	<b>Director Since</b>	<b>Principal Occupation During Last Five Years</b>	<b>Number of Shares Controlled <sup>(1)</sup></b>	<b>Number of Shares Currently Under Option</b>
<b>Mark Tommasi</b> <sup>(2)(5)</sup> British Columbia, Canada <i>Director</i>	April 9, 2010	Director of the Company; director of Strategic Resources Inc.; and director of Rojo Resources Ltd.	4,000	Nil
<b>Yana Bobrovskaya</b> <sup>(3)(5)</sup> British Columbia, Canada <i>Director and Secretary</i>	September 21, 2015	Officer and director of the Company; and director of Secova Metals Corp. from 2012-2015.	1,115,000	Nil
<b>John Roozendaal</b> <sup>(4)(5)</sup> Manitoba, Canada <i>Director</i>	April 9, 2010	Director of the Company; and director of Global Li-Ion Graphite Corp.	1,290,000	Nil
<b>Paul Gray</b> British Columbia, Canada <i>President, Chief Executive Officer and Director</i>	May 17, 2016	Principal of Paul D. Gray Geological Consultants; officer of Victoria Gold Corp.; officer of Banyan Gold Corp.; director of Blue River Resources Ltd.; director of Dawson Gold Corp.; and director of Tajiri Resources Corp.	Nil	Nil

Notes:

- (1) Shares beneficially directly or indirectly owned or over which control or direction is exercised, at the date of this Circular, based upon information furnished to the Company by the individual directors or obtained from the System for Electronic Disclosure by Insiders ("SEDI").
- (2) Mr. Tommasi indirectly owns 4,000 common shares through 622738 B.C. Ltd., a company which he controls.
- (3) Ms. Bobrovskaya indirectly owns these common shares of the Company through 0868143 B.C. Ltd., a company which she controls. This number does not include 1,000,000 share purchase warrants of the Company held by Ms. Bobrovskaya through 0868143 B.C. Ltd.
- (4) Mr. Roozendaal directly owns 540,000 common shares and indirectly owns 750,000 common shares through 667981 B.C. Ltd., a company which he controls. This number does not include 500,000 share purchase warrants held by Mr. Roozendaal through 667981 B.C. Ltd.
- (5) Member of the Audit Committee.

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

To the knowledge of the Company, 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, chief executive officer or chief financial officer of any company (including the Company) that,
  - (i) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (ii) after that person had ceased to act in that capacity, but in respect of an event that occurred while the proposed director was so acting, resulted in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

**Additional Information about the Board**

For additional information about the Board of Directors, including compensation, corporate governance practices, independence and directorships, please see *Director and Named Executive Officer Compensation and Corporate Governance Disclosure – Board of Directors*.

**II. Appointment of Auditors**

Baker Tilly WM LLP, of Suite 900, 400 Burrard Street, Vancouver, British Columbia V6C 3B7 have been the auditors of the Company since November 26, 2014. The Board of Directors recommends that Baker Tilly WM LLP be reappointed as auditor of the Company, with their remuneration to be fixed by the Board.

**Unless otherwise directed, the directors or officers named in the Proxy intend to vote FOR the reappointment of Baker Tilly WM LLP as auditors for the year ending July 31, 2019.**

**III. Approval for Continuation of Stock Option Plan**

The Company has one incentive stock option plan (the “**Stock Option Plan**”). The aggregate number of common shares in the capital of the Company reserved for issuance under the Stock Option Plan is a maximum of 10% of the issued and outstanding share capital of the Company at the date of grant.

As the number of shares reserved for issuance under the Stock Option Plan increases with the issuance of



additional common shares by the Company, the Stock Option Plan is considered to be a “rolling” stock option plan under applicable TSX Venture Exchange (the “Exchange”) policies.

If any options granted expire or terminate for any reason without having been exercised in full, the unpurchased common shares will again be available under the Stock Option Plan.

The purpose of the Stock Option Plan is to assist the Company in attracting, retaining and motivating directors, officers, key employees and consultants of the Company and of its subsidiaries and by providing them with the opportunity, through options, to acquire common shares of the Company, to align the personal interests of those directors, officers, key employees and consultants with the interests of the Company’s shareholders. The Stock Option Plan was approved for continuation by shareholders at the annual general meeting held on August 16, 2017.

### **Terms of the Stock Option Plan**

The following summary is a brief description of the Stock Option Plan:

1. The maximum number of shares that may be issued upon the exercise of stock options previously granted and those granted under the Stock Option Plan will be a maximum of 10% of the issued and outstanding common shares at the time of the grant.
2. Stock options can be issued to Eligible Persons of Zadar or its subsidiaries, if any.
3. The option price of any common share in respect of which an option may be granted under the Stock Option Plan shall be fixed by the Board of Directors but shall be not less than the minimum price permitted by the Exchange.
4. The number of options granted to any one individual may not exceed 5% of the outstanding listed shares in any 12 month period unless Zadar has obtained disinterested shareholder approval to exceed such limit.
5. The number of options granted to any one consultant may not exceed 2% of Zadar’s outstanding listed shares in any 12 month period.
6. All options granted under the Stock Option Plan may be exercisable for a maximum of ten years from the date they are granted.
7. If the optionee ceases to be (other than by reason of death) an Eligible Person of options, then the option granted shall expire within a reasonable period of time, as determined by the board of directors, following the date that the option holder ceases to be eligible, subject to the terms and conditions set out in the Stock Option Plan.
8. If an optionee ceases to be an Eligible Person of options by reason of death, an optionee’s heirs or administrators shall have until the earlier of:
  9. one year from the death of the option holder; and
  10. the expiry date of the options in which to exercise any portion of options outstanding at the time of death of the optionee.

11. The Stock Option Plan will be administered by the Board of Directors who will have the full authority and sole discretion to grant options under the Stock Option Plan to any eligible recipient, including themselves.
12. The options are not assignable or transferable by an optionee.
13. Zadar shall have the authority to deduct and withhold, or require the Optionee to remit to Zadar, the amount of any taxes or other required source deductions which Zadar is required by law or regulation of any governmental authority whatsoever to remit in connection with any issuance of shares upon the exercise of options.
14. The Board of Directors may from time to time, subject to regulatory approval, amend or revise the terms of the Stock Option Plan.

A copy of the Stock Option Plan including the proposed amendment is attached hereto as Schedule "A".

At the Meeting, shareholders will be asked to consider and, if thought fit, to pass an ordinary resolution approving the Stock Option Plan, as follows:

"Be it resolved as an ordinary resolution of the shareholders that the Stock Option Plan, in the form attached to the Circular as Schedule A, be and hereby is confirmed and approved."

**Unless otherwise directed, the directors or officers named in the Proxy intend to vote FOR the approval for the continuation of the Stock Option Plan.**

#### **IV. Amendment to Articles**

Subject to Exchange approval, at the Meeting, shareholders of the Company will be asked to consider, and if thought advisable, to approve amendments to the "Alterations" section of the Company's articles (the "**Alterations Amendment**"). The Alterations Amendment would allow the directors to effect by directors' resolution certain corporate actions that, under the current articles, require a special resolution. The Company believes the Alterations Amendment will allow the directors to conduct the business of the Company with greater flexibility and expediency. The Alterations Amendment would consist of reference to "special resolution" in sections 9.1 and 9.3 being replaced with "resolution of the directors".

A resolution approving the Alterations Amendment (the "**Amendment Resolution**") must be approved by an affirmative vote of no less than two-thirds of the votes cast of the shareholders who vote in person or by proxy at the Meeting.

A copy of the Amendment Resolution is attached hereto as Schedule "C", and a copy of the proposed "Alterations" section of the Articles, as it would read following the implementation of the Alterations Amendment, is set out in Exhibit 1 to Schedule "C".

**Unless otherwise directed, the persons named in the enclosed Proxy intend to vote FOR the approval of the Amendment Resolution.**

**V. Other Matters**

Management of the Company knows of no other matter to come before the Meeting other than those referred to in the notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

**DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION**

In this section “named executive officer” or “NEO” means the CEO, the CFO, and the most highly-compensated executive officer other than the CEO and CFO and whose total compensation exceeded \$150,000, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as a NEO of the Company at July 31, 2018.

At July 31, 2018, the NEOs were Paul Gray, CEO; and Geoff Watson CFO.

<b>Director and NEO compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year ended July 31</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
<b>Mark Tommasi</b> Director <sup>(1)</sup>	2018	11,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	11,000
	2017	16,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	16,000
<b>Geoffrey Watson</b> CFO <sup>(3)</sup>	2018	35,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	35,000
	2017	38,500 <sup>(4)</sup>	Nil	Nil	Nil	Nil	38,500
<b>John Roozendaal</b> <sup>(5)</sup> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Yana Bobrovskaya</b> <sup>(6)</sup> Director and Secretary	2018	29,500	Nil	Nil	Nil	Nil	29,500
	2017	42,000 <sup>(7)</sup>	Nil	Nil	Nil	Nil	42,000
<b>Paul Gray</b> <sup>(8)</sup> Director, President and CEO	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	3,189	Nil	Nil	Nil	Nil	3,189

Notes:

- (1) Mr. Tommasi has served as a director of the Company since April 9, 2010.
- (2) The Company incurred management fees payable to 622738 B.C. Ltd., a company wholly owned by Mr. Tommasi.
- (3) Mr. Watson has served as CFO of the Company since December 31, 2011.
- (4) The Company incurred management fees payable to GRW Inc., a company controlled by Mr. Watson.
- (5) Mr. Roozendaal has served as a director of the Company since April 9, 2010.
- (6) Ms. Bobrovskaya has served as a director of the Company since September 21, 2015; and secretary of the Company since May 17, 2016.
- (7) The Company incurred consulting fees payable to 0868143 B.C. Ltd., a company wholly owned by Ms. Bobrovskaya.
- (8) Mr. Gray has served as a director of the Company since May 17, 2016; president of the Company since June 13, 2013; and CEO of the Company since May 17, 2016.

### **External Management Companies**

All of the NEOs are independent contractors of the Company and none of them is an employee. No NEO is employed or retained by an external management company.

### **Stock options and Other Compensation Securities**

No stock options and other compensation securities were awarded to each Named Executive Officer and directors of the Company during the most recently completed financial year.

No compensation securities were exercised by each Named Executive Officer and directors of the Company during the most recently completed financial year.

### **Stock Option Plans and Other Incentive Plans**

The Company has one stock option or other incentive plan, namely the Stock Option Plan. See *Particulars of Matters to be Acted on – Material Terms of the Stock Option Plan* for particulars of the Stock Option Plan. A copy of the Stock Option Plan is attached as Schedule “A”. The Stock Option Plan was approved for continuation by Shareholders at the annual general meeting held on August 16, 2017 and approval of its continuation is being sought at the Meeting.

### **Employment, Consulting and Management Agreements**

The Company has not entered into any employment or consulting contracts with its NEOs and directors as of the end of most recently completed financial year.

### **Oversight and Description of Director and Named Executive Officer Compensation**

The Company does not have a compensation program other than paying consulting fees and incentive bonuses. The compensation of the executive officers is determined by the Board of Directors, based in part on recommendations from the CEO. The Board of Directors recognizes the need to provide a compensation package that will attract and retain qualified and experienced executives, as well as align the compensation level of each executive to that executive’s level of responsibility. The objectives of the Company’s compensation policies and practices are:

- to reward individual contributions in light of the Company's performance;
- to be competitive with the companies with whom the Company competes for talent;
- to align the interests of the executives with the interests of the shareholders; and
- to attract and retain executives who could help the Company achieve its objectives.

### ***Executive Compensation Policies and Programs***

The Company's compensation policies and programs for executive officers may consist of a base salary/compensation, stock options and may include other customary employment benefits. Generally, for establishing compensation for executive officers, the Board of Directors considers the executive's performance, experience and position within the Company and the recommendations of the CEO, or in the case of the CEO, the recommendation of the Board of Directors. The Board of Directors uses its discretion to set compensation for executive officers at levels warranted by external, internal and individual circumstances. The early stage of the Company's business development is also a factor in setting the compensation. As the Company is in the early stages, compensation for executive officers relies solely on board discussion without any formal objectives, criteria and analysis.

Compensation of executive officers of the Company is generally reviewed on an annual basis or at a time of a material change in the business. Stock options are granted pursuant to the Stock Option Plan at the discretion of the Board of Directors. Options granted generally vest in varying amounts over three or four-year periods or as otherwise determined by the Board of Directors.

The CEO and the CFO invoice the Company for time spent on the business of the Company. The basic component of executive compensation consists only of a consulting fee component and going forward, the Company may include performance-based variable incentive compensation, which may be comprised of cash bonuses and/or stock option grants. The allocation of value to different compensation elements will not be based on a formula, but rather will be intended to reflect market practices as well as the Board of Directors' discretionary assessment of an executive officer's past contribution and the ability to contribute to future short and long-term business results.

Specifically, the objectives of consulting fees are to recognize market pay and acknowledge the competencies and skills of individuals. The rate established for each executive officer is intended to reflect each individual's responsibilities, experience, prior performance and other discretionary factors deemed relevant by the Board of Directors. In connection with setting appropriate levels of compensation, members of the Board of Directors base their decisions on their general business and industry knowledge and experience and publicly available information of comparable companies. The Board of Directors also considers specific conditions related to the Company and general market conditions as well as reference to the competitive market place for management talent at other publicly-held junior technology companies at a similar stage of development, market capitalization and size.

The Board of Directors believes that the Company's compensation plan is consistent with the companies the Company competes with for talent where the business plan is under development.

During its deliberations, the Board of Directors considers the implications of the risks associated with adopting the compensation practices currently in place. The Board of Directors does not believe that its current compensation practices create a material risk that the NEOs or any employee would be encouraged to take inappropriate or excessive risks, and no such risks have been detected to date. The Board of Directors will continue to include this consideration in its deliberations and believes that it would

detect actions of management and employees of the Company that constitute or would lead to inappropriate or excessive risks.

The Company does not have a policy that would prohibit the NEOs or directors from purchasing financial instruments that are designed or would have the effect of hedging the value of equity securities granted to, or held by, these individuals.

### ***Base Salary***

The objectives of the base salary are to provide compensation in accord with market value, and to acknowledge the competencies and skills of individuals. The base salary paid to the NEOs is reviewed annually by the Board of Directors as part of the annual review of executive officers. The decision whether to grant an increase to the executive's base salary and the amount of any such increase shall be in the sole discretion of the Board of Directors.

### ***Incentive Bonuses***

Incentive bonuses in the form of cash payments are designed to add a variable component of compensation, based on corporate and individual performances for executive officers and employees. No incentive bonuses were paid to NEOs, other executive officers and employees during the most recently completed fiscal year.

### **Option Based Awards**

The objectives of the stock option will be to reward achievement of long-term financial and operating performance and focus on key activities and achievements critical to the ongoing success of the Company. At this stage in the Company's development, greater emphasis may be put on incentive stock option compensation. The Company has no other forms of compensation, other than payments made from time to time to individuals or companies they control for the provision of consulting services. Such consulting services are paid for by the Company, to the best of its ability, at competitive industry rates for work of a similar nature by reputable arm's length service providers. Actual compensation will vary based on the performance of the executives relative to the achievement of goals and the price of the Company's securities, as well as the financial condition of the Company.

### **Pension and Retirement Plans**

The Company does not have any pension or retirement plan at present.

### **Equity Plan Compensation Information**

The following table sets forth information on the Company's equity compensation plans under which common shares were authorized for issuance as at July 31, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by securityholders	Nil	Nil	10,179,133
Equity compensation plans not approved by securityholders	Nil	Nil	Nil

### INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

As of the date of this Circular, no director or executive officer of the Company is or has been indebted to the Company.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth in this Circular, the management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer at any time since the beginning of the Company's last financial year or any proposed nominee for election as a director, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors. All of the directors and officers may receive options pursuant to the Stock Option Plan, but the votes of Insiders (directors and officers) are being excluded from the voting to approve the amendment to increase the shares reserved for issuance under the Stock Option Plan.

### CORPORATE GOVERNANCE DISCLOSURE

Canadian securities regulatory policy as reflected in National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires that venture issuers like the Company must disclose on an annual basis their approach to corporate governance. National Policy 58-201 - *Corporate Governance Guidelines* ("**NP 58-201**") provides regulatory staff guidance on preferred governance practices, although the guidelines are not prescriptive, other than for audit committees. The Company's approach to corporate governance in the context of NI 58-101 and NP 58-201 (together the "**Policies**") as well as its compliance with the mandatory rules relating to audit committees is set out below.

#### Board of Directors

The Policies require that the board of directors of a venture issuer determine and disclose the status of each director as independent or not, based on each director's interest in or other relationship with the issuer. Under the Policies, the applicable definition of independence is that contained in National Instrument 52-110 – *Audit Committees* ("**NI 51-110**"), under which a director is "independent" where he or she "has no direct or indirect material relationship" with the issuer. A "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere

with the exercise of a member’s independent judgement. However, the following individuals are deemed to have a material relationship with the issuer, and therefore not be independent:

- an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
- an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
- an individual who:
  - is a partner of a firm that is the issuer’s internal or external auditor,
  - is an employee of that firm, or
  - was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
- an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
  - is a partner of a firm that is the issuer’s internal or external auditor,
  - is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
  - was within the last three years a partner or employee of that firm and personally worked on the issuer’s audit within that time;
- an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer’s current executive officers serves or served at that same time on the entity’s compensation committee; and
- an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer or a subsidiary during any 12 month period within the last three years.

The Company has four directors and those same four directors are nominated for reappointment at the Meeting. Three of the four nominees are independent. John Roozendaal, Yana Bobrovskaya and Mark Tommasi are independent directors. Paul Gray is not independent because of his position as the President and CEO of the Company.

Mark Tommasi is the current chairman of the Board of Directors. Going forward, the independent directors will have the opportunity to meet regularly in an *in camera* session as part of board meetings and can otherwise communicate as they deem necessary. The Board of Directors believes that John Roozendaal, Yana Bobrovskaya and Mark Tommasi as a group are experienced, familiar with the expectations of independent directors, and capable of exercising independent judgment.

**Directorships**

The following directors act as directors of other reporting issuers (or the equivalent):

<b>Director</b>	<b>Other Reporting Company</b>
Mark Tommasi	Strategic Resources Inc. Rojo Resources Ltd.
John Roozendaal	Global Li-Ion Graphite Corp.
Paul Gray	Dawson Gold Corp.



Yana Bobrovskaya is currently not a director or officer of any reporting issuer other than the Company.

### **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, each new director receives an orientation, minutes of meetings, written mandates, guidelines and other relevant corporate documents needed to understand the Company's business and processes. The commitment needed from directors, particularly the commitment of time and energy, is emphasized to directors prior to their appointment nomination.

Directors are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to keep themselves up to date with best director and corporate governance practices. The Company provides continuing education for its directors as the need arises. Directors have full access to the Company's records.

### **Ethical Business Conduct**

The Board of Directors has adopted a written code of business conduct and ethics and a whistleblower policy for its directors, officers, employees, and contractors (the "Code"). The Board of Directors is responsible for monitoring compliance with the Code.

The Board of Directors takes appropriate measures to exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer may have a material interest. Where appropriate, directors absent themselves from portions of board or committee meetings to allow independent discussion of points in issue.

### **Nomination of Directors**

The Board of Directors has not established a nominating committee. The Board of Directors as a whole is responsible for filling of vacancies on the Board of Directors and recommending potential nominees for directors, and uses an informal consultative process. The Board of Directors analyzes the needs of the board when vacancies arise and identifies and proposes new nominees who have the necessary competencies and characteristics to meet those needs. In order to foster an objective nomination process, the independent members of the Board of Directors are encouraged to recommend nominees for the Board of Directors.

### **Compensation**

The Company has not established a compensation committee and to date, decisions regarding compensation for the directors and the executive officers have been made by the Board of Directors as a whole. The Board of Directors reviews directors' compensation once a year, taking into consideration the compensation paid to directors of comparable publicly traded Canadian companies. The Board of Directors decides the compensation of the Company's officers based on industry standards and the Company's financial situation.

## Other Board Committees

The Board of Directors has no committees other than the audit committee. The Company is small and so far the duties of the recommended committees have been performed by the plenary Board of Directors. Going forward, the Board of Directors will review its corporate governance practices and consider, among other matters, whether it would be desirable to establish additional committees of the Board of Directors.

## Assessments

The Board of Directors monitors the adequacy of information given to directors, communication between the Board of Directors and management and the strategic direction and processes of the Board of Directors and the audit committee.

## AUDIT COMMITTEE

### Audit Committee Charter

The Company's audit committee charter is attached as Schedule "B" to this Circular.

### Composition of the Audit Committee

The following are the current members of the Audit Committee:

Name of Audit Committee Member	Independent	Financially literate
Mark Tommasi <sup>(1)</sup>	Independent	Financially literate
John Roozendaal	Independent	Financially literate
Yana Bobrovskaya	Independent	Financially literate

### Note:

(1) Chair of the Audit Committee.

### Audit Committee Member Education and Experience

**Mark Tommasi** served as the Chief Financial Officer of Electra Gold Ltd. and Shoshoni Gold Ltd., both of which are public companies, and he was on the Audit Committee of both companies.

**John Roozendaal** served as the interim CEO and President of VMS Ventures Inc. ("VMS"), a public company listed on the TSX Venture, and as such, was responsible for reviewing the financial statements of VMS on an ongoing basis.

**Yana Bobrovskaya** has served as a director of a public company, and as such, was responsible for reviewing financial statements on an ongoing basis.

### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a

recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Company is relying upon the exemption in Section 6.1 of NI 52-110 (Venture Issuers) from the requirement of Part 5 (Reporting Obligations).

### Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as part of its audit charter. The pre-approval requirement for such engagement is waived if (i) the aggregate amount of all non-audit services provided to the Issuer amounts to five percent or under of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided and (ii) the services were not recognized by the Company at the time of the engagement to be non-audit services and (iii) the services are promptly brought to the attention of the audit committee by the Company and approved by the audit committee (or one or more members of the audit committee to whom that authority to approve has been delegated by the audit committee, subject to the pre-approval being presented to the first scheduled meeting of the audit committee after the approval) prior to the completion of the audit.

### External Auditor Services Fees

The following table provides the particulars of the external audit fees paid by the Company for the last two fiscal years.

Nature of Services	Fees billed by Auditor for the fiscal year ended	
	July 31, 2018	July 31, 2017
Audit Fees <sup>(1)</sup>	\$25,160.52	\$26,334.00
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	Nil
All Other Fees <sup>(4)</sup>	Nil	Nil
Total	\$25,160.52	\$26,334.00

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. Audit Fees include aggregate fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include fees for services that are traditionally performed by the auditor. These audit-related services include aggregate fees for employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes aggregate fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services, in the aggregate.

### **APPROVAL OF DIRECTORS**

This information circular has been approved by the Board of Directors.

### **ADDITIONAL INFORMATION**

Additional information about the Company is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's audited consolidated financial statements, the report of the auditor, and management's discussion and analysis for the year ended July 31, 2018 (the "Financial Statements"). Shareholders may obtain copies of the Financial Statements upon request to the Company at Suite 908 - 510 Burrard Street, Vancouver, B.C. V6C 3A8, or on the Company's website at [www.zadarventures.com](http://www.zadarventures.com).

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

/s/ Paul Gray  
Director, President and Chief Executive Officer

## SCHEDULE "A"

### STOCK OPTION PLAN

#### ARTICLE 1

##### PURPOSE

- 1.1 The purpose of this stock option plan (the "**Stock Option Plan**") is to authorize the grant to Eligible Persons of Zadar Ventures Ltd. ("**Zadar**") incentive stock options to purchase common shares in the capital of Zadar and thus benefit Zadar. This will allow Zadar to attract, retain and motivate service providers by providing them with the opportunity, through share purchase options, to acquire a proprietary interest in Zadar.

#### ARTICLE 2

##### INTERPRETATION

- 2.1 In this Stock Option Plan, in addition to terms which are parenthetically defined, the following terms shall have the following meanings respectively:
- (a) "Associate" has the meaning ascribed thereto in the *Securities Act* (British Columbia);
  - (b) "Board" means the board of directors of Zadar;
  - (c) "Cessation Date" means the date an Optionee ceases to be an Eligible Person;
  - (d) "Change of Control" includes situations where after giving effect to the contemplated transaction and as a result of such transaction:
    - (i) any one Person holds a sufficient number of voting shares of Zadar or resulting company to affect materially the control of Zadar or resulting company, or,
    - (ii) any combination of Persons, acting in concert by virtue of an agreement, arrangement, commitment or understanding, hold in total a sufficient number of voting shares of Zadar or its successor to affect materially the control of Zadar or its successor,where such Person or combination of Persons did not previously hold a sufficient number of voting shares to affect materially control of Zadar or its successor. In the absence of evidence to the contrary, any Person or combination of Persons acting in concert by virtue of an agreement, arrangement, commitment or understanding, holding more than 20% of the voting shares of Zadar or its successor is deemed to materially affect the control of Zadar or its successor;
  - (e) "Change of Management" means:
    - (i) a reconstitution of the board of directors of Zadar so that the majority of the board of directors is comprised of Persons who were not members of the board of directors before the reconstitution; or,

- (ii) a reconstitution in both the senior management and the board of directors of Zadar so that the control and direction over Zadar 's business and affairs is predominantly in the hands of Persons who, before the reconstitution, were not senior officers or directors of Zadar;
- (f) "Common Shares" means common shares in the capital of Zadar;
- (g) "Consultant" means, in relation to Zadar or a Subsidiary of Zadar, an individual or Consultant Company, other than an Employee or a Director of Zadar, that:
  - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to Zadar or a Subsidiary of Zadar, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between Zadar or a Subsidiary of Zadar and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of Zadar, spends or will spend a significant amount of time and attention on the affairs and business of Zadar or a Subsidiary of Zadar; and
  - (iv) has a relationship with Zadar or a Subsidiary of Zadar that enables the individual to be knowledgeable about the business and affairs of Zadar;
- (h) "Consultant Company" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (i) "Director" has the meaning set out in Policy 4.4 of the Exchange;
- (j) "Eligible Person" means:
  - (i) a Director or Employee of Zadar or a Subsidiary of Zadar;
  - (ii) a Consultant; or
  - (iii) a Management Company Employee;provided that an exemption from the registration and prospectus requirements under the applicable securities legislation is available to Zadar;
- (k) "Employee" has the meaning set out in Policy 4.4 of the Exchange;
- (l) "Exchange" means the TSX Venture Exchange or any such stock exchange or quotation system on which the Common Shares are then listed or quoted;
- (m) "Exchange Policies" means the policies of the Exchange;
- (n) "Existing Options" means stock options granted prior to the Shareholder Approval Date which have not been exercised or cancelled;

- (o) "Expiry Date" of an Option means the day on which an Option lapses;
- (p) "Insider" has the meaning ascribed thereto in the Exchange Policies;
- (q) "Investor Relations Activities" has the meaning ascribed thereto in the Exchange Policies;
- (r) "Management Company Employee" means an individual employed by a Person providing management services to Zadar or a Subsidiary of Zadar, which are required for the ongoing successful operation of the business enterprise of Zadar, but excluding a Person engaged in Investor Relations Activities;
- (s) "Option" means a stock option granted pursuant to the Stock Option Plan;
- (t) "Optionee" means an individual to whom an Option is granted by Zadar under this Stock Option Plan;
- (u) "Outstanding Issue" means the number of Common Shares which are issued and outstanding as of a particular time, on a non-diluted basis;
- (v) "Person" means a company or an individual;
- (w) "Post Cessation Date Exercise Period" means the period after the Cessation Date during which an Optionee may continue to exercise its options;
- (x) "Reserved for Issuance" at any particular time refers to Common Shares which may be issued in the future upon the exercise of Options and Existing Options which are outstanding at that time;
- (y) "Shareholder Approval Date" means the date disinterested shareholders approve this Stock Option Plan; and
- (z) "Subsidiary" has the meaning ascribed thereto in the Business Corporations Act (British Columbia).

### **ARTICLE 3 ADMINISTRATION OF THE PLAN**

- 3.1 The Stock Option Plan shall be administered by the Board. Options to purchase unissued Common Shares may be granted from time to time under this Stock Option Plan by the Board only to Eligible Persons.
- 3.2 Subject to the provisions hereof, the Board shall have full and final authority to determine whether and when Options are to be granted, to determine which Eligible Persons are to be granted Options under the Stock Option Plan, the number of shares subject to each Option, and all other terms and conditions applicable to each Option.
- 3.3 For every grant of stock options to Employees, Consultants or Management Company Employees, Zadar shall represent that the Optionee is a bona fide Employee, Consultant or Management Company Employee of Zadar or a Subsidiary of Zadar, as the case may be.

**ARTICLE 4**  
**SHARES SUBJECT TO PLAN**

- 4.1 Subject to the requirements of the Exchange and to adjustment under the provisions of Article 13 hereof, the aggregate number of Common Shares that may be issuable pursuant to Options granted under the Stock Option Plan and Existing Options will not exceed 10% of the number of issued Common Shares of the Company at the time of the granting of Options under the Stock Option Plan.
- 4.2 If any Common Shares cannot be issued to any Optionee for whatever reason, the obligation of Zadar to issue such Common Shares shall terminate and any option exercise price paid to Zadar shall be returned to the Optionee. Common Shares in respect of which Options or Existing Options have expired unexercised shall be available for subsequent Options granted under the Stock Option Plan.
- 4.3 No fractional shares may be issued or purchased under the Stock Option Plan. If Options are surrendered, terminated or expire in accordance with the terms of the Stock Option Plan without being exercised, new Options may be granted covering Common Shares not purchased under such lapsed Options.
- 4.4 All Existing Options which are outstanding as of the date the Stock Option Plan becomes effective shall thereafter be governed by the Stock Option Plan.

**ARTICLE 5**  
**GRANT LIMITATIONS**

- 5.1 Options granted under the Stock Option Plan will be subject to the following limitations:
- (a) the number of Common Shares reserved for issuance to holders of Options or Existing Options who are Insiders at the time of the particular grant may not exceed, without disinterested shareholder approval, 10% of the Outstanding Issue at the time of such grant;
  - (b) the number of Options granted within a 12 month period to Optionees who are Insiders at the time of issuance, may not exceed, without disinterested shareholder approval, 10% of the Outstanding Issue at the time of such grant;
  - (c) the number of Options granted to any one Optionee within any 12 month period may not exceed, without disinterested shareholder approval, 5% of the Outstanding Issue at the time of such grant;
  - (d) the number of Options granted to any one Consultant in any 12 month period may not exceed 2% of the Outstanding Issue; and
  - (e) the aggregate number of Options granted to persons employed to provide Investor Relations Activities in any 12 month period may not exceed 2% of the Outstanding Issue.



**ARTICLE 6**  
**PRICE**

- 6.1 The option price of any Common Share in respect of which an Option may be granted under the Stock Option Plan shall be fixed by the Board but shall be not less than the minimum price permitted by the Exchange. The Board may determine that the option price per Common Share may escalate at a specified rate dependent upon the year in which any Option to purchase Common Shares may be exercised by the Optionee.
- 6.2 Disinterested Shareholder approval will be obtained for any reduction in the exercise price if the Optionee is an Insider of Zadar at the time of the proposed amendment.

**ARTICLE 7**  
**PERIOD OF OPTION, RIGHTS TO EXERCISE AND WITHHOLDING TAXES**

- 7.1 Subject to the provisions of this Article 7 and Articles 8, 9 and 10 below, Options will be exercisable in whole or in part, and from time to time, during the currency thereof. Options can be exercisable for a maximum of ten years from the date of grant. The Common Shares to be purchased upon the exercise of any Option ("Option Shares") shall be paid for in full at the time of such exercise. Except as provided in Articles 9 and 10 below, no Option may be exercised unless the Optionee is at the time of exercise an Eligible Person.
- 7.2 Should the expiry date of an Option fall within a Black Out Period or within nine business days following the expiration of a Black Out Period, such expiry date of the Option shall be automatically extended without any further act or formality to that date which is the tenth business day after the end of the Black Out Period, such tenth business day to be considered the expiry date for such Option for all purposes under the Plan. The ten business day period referred to in this paragraph may not be extended by the Board. "Black Out Period" means the period during which the relevant Optionee is prohibited from exercising an Option due to trading restrictions imposed by Zadar pursuant to any policy of Zadar respecting restrictions on trading that is in effect at that time.
- 7.3 The exercise of an Option will be subject to the policies, procedures and conditions adopted by the Board from time to time to comply with Zadar's obligations imposed under any law or regulation of any governmental authority whatsoever, including, without limitation, Zadar's withholding, remittance and other funding liabilities under applicable tax law.
- 7.4 Subject to paragraph 7.5 hereof, Zadar shall have the authority to deduct and withhold, or require the Optionee to remit to Zadar, the amount of any taxes or other required source deductions which Zadar is required by law or regulation of any governmental authority whatsoever to remit in connection with any issuance of shares upon the exercise of options (the "Tax Obligation"), which amount will be determined by Zadar in its sole discretion. Without limiting the generality of the foregoing, and unless otherwise prohibited by the Board or by applicable law, Zadar may fund the Tax Obligation by any of the following methods or by a combination of such methods as determined by Zadar in its sole discretion:
- (a) require, as a condition of the issuance of Option Shares to an Optionee, that the Optionee make, in addition to the exercise price for the Options, a cash payment to Zadar equal to

the Tax Obligation and Zadar, in its sole discretion, may withhold the issuance or delivery of Option Shares until the Optionee makes such payment;

- (b) elect, in its sole discretion, to withhold from the Option Shares being issued upon exercise of the Options such number of Option Shares as Zadar determines are required to be sold by Zadar, as trustee, to satisfy the Tax Obligation (net of selling costs). The Optionee consents to such sale and grants to Zadar an irrevocable power of attorney to effect the sale of such Option Shares and acknowledges and agrees that Zadar does not accept responsibility for the price obtained on the sale of such Option Shares;
- (c) withhold from any cash payment otherwise due by Zadar to the Optionee, including salaries, directors fees, consulting fees and any other forms of remuneration, such amount of cash as is required to pay and satisfy the Tax Obligation; or
- (d) make such other arrangements satisfactory to the Optionee and Zadar.

7.5 Any methods to fund the Tax Obligation shall not result in, or potentially result in, a contravention of any Exchange policies.

7.6 The Optionee (or their beneficiaries) shall be responsible for any taxes or other required source deductions which Zadar is required by law or regulation of any governmental authority whatsoever to remit with respect to any Options granted or exercised under the Plan.

7.7 Neither the Board nor Zadar makes any representations or warranties of any nature or kind whatsoever to any person regarding the tax treatment of Options or payments on account of the Tax Obligation made under the Plan and none of the Board, Zadar, nor any of its employees or representatives shall have any liability to an Optionee (or its beneficiaries) with respect thereto.

## **ARTICLE 8 VESTING RESTRICTIONS**

8.1 Except as otherwise provided for in this section, vesting restrictions, if any, for all Options granted pursuant to this Stock Option Plan will be determined at the discretion of the Board at the time of the grant in accordance with the policies of the Exchange. Vesting restrictions shall be required in the case of options issued to Consultants performing Investor Relations Activities; the vesting period must be at least 12 months with no more than 1/4 of the options vesting in any three month period.

8.2 If the Board determines with respect to an Optionee that is desirable to alter the vesting periods of any particular Option, it may fix the vesting of that Option before or after its grant in such manner as it determines in its discretion provided such alterations are in compliance with Exchange Policies.

8.3 If a *bona fide* offer (an "Offer"):

- (a) is made to all shareholders of Zadar for Common Shares, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of Zadar, within the meaning of subsection 1(1) of the Securities Act (British Columbia);
- (b) is made for all or substantially all of the assets of Zadar (as such concept is interpreted under the Business Corporations Act (British Columbia)); or
- (c) is made for a proposed transaction which a majority of the Board determines is reasonably likely to have a similar effect as either of the transactions referred to in subparagraph (a) or (b) above;

then Zadar shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer. Subject to Exchange approval, any Options that may not be fully vested shall become vested on the date of Exchange approval. Such Options may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender or to vote, as applicable, the Option Shares received upon such exercise, pursuant to the Offer. If:

- (a) the Offer is not completed within the time specified therein;
- (b) the Optionee does not tender the Option Shares pursuant to the Offer, if applicable;
- (c) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof; or
- (d) the sale or reorganization does not close in accordance with its terms,

then the Option Shares received upon such exercise, or in the case of clause (f) above, the Option Shares that are not taken up and paid for, shall be returned by the Optionee to Zadar and reinstated as authorized but unissued Common Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become vested pursuant to paragraph 8.1 shall be reinstated. If any Option Shares are returned to Zadar under this paragraph 8.3, Zadar shall immediately refund the exercise price to the Optionee for such Option Shares. In no event shall the Optionee be entitled to sell the Option Shares otherwise than pursuant to the Offer (in the case of an Offer pursuant to paragraph 8.3(a) hereof) or to sell the Option Shares prior to the closing of any transaction (in the case of an Offer pursuant to paragraph 8.3(b) or (c) hereof).

## **ARTICLE 9 CESSATION OF PROVISION OF SERVICES**

- 9.1 If an Optionee ceases to be an Eligible Person for any reason (except as provided in paragraphs 9.2, 9.4 or 9.5 of this Article or in Article 10), the Options held by the Optionee will expire on the later of:
- (a) a reasonable period following the Cessation Date, which period shall be determined by the Board, but in any event, shall not exceed twelve (12) months following the Cessation Date; or

- (b) if the directors have not determined a period following the Cessation Date at the time of the grant or within 30 days subsequent to the Cessation Date, 30 days after the Cessation Date;

such period referred to as the “Post Cessation Date Exercise Period”.

The determination by the Board of any period pursuant to paragraph 9.1(a) shall be made within 30 days subsequent to the Cessation Date. Unless the Post Cessation Date Exercise Period is set out in an option agreement, Zadar shall provide notice to the Optionee of the Post Cessation Date Exercise Period within five (5) business days of the date of determination.

The Optionee shall only be entitled to exercise Options which have vested at the Cessation Date. Notwithstanding the foregoing, in no event shall an Optionee be entitled to exercise any Options beyond the Expiry Date of the Optionee’s Option.

- 9.2 If an Optionee ceases to be an Eligible Person for cause, no Option held by such Optionee may be exercised following the Cessation Date.
- 9.3 An Optionee ceases to be an Eligible Person if the Optionee’s employment has been terminated by Zadar or a Subsidiary of Zadar:
  - (a) other than for cause, either:
    - (i) on the day specified by Zadar or such Subsidiary in writing to the Eligible Person as being the last day on which the Eligible Person is to report for work for Zadar or a Subsidiary of Zadar; or
    - (ii) if such Eligible Person is given pay in lieu of advance notice of a pending effective date of termination, on the day on which such notice of termination is given in writing by Zadar or such Subsidiary to the Eligible Person, and
  - (b) for cause, on the day on which the notice of termination was given.
- 9.4 If an Optionee ceases to be an Eligible Person by reason of death of the Optionee during the currency of the Optionee’s Option, the Optionee’s legal personal representative may, within the period of one year after the Cessation Date and in no event after the expiry date of the Option, exercise any Options vested at the Cessation Date.
- 9.5 Notwithstanding the provisions set out in paragraph 9.1, if a Change of Control or Change of Management occurs and if an Optionee ceases to be an Eligible Person as a result of the Change of Control or Change of Management, the Optionee may, within the period of ninety days after the Cessation Date and in no event after the Expiry Date of the Optionee’s Option, exercise any Options which were vested at the Cessation Date. Notwithstanding Article 8 and any vesting provisions set out in any agreement relating to the Option, subject to regulatory approval, all Options held by the Optionee shall immediately become vested on the Cessation Date and shall become fully exercisable.

**ARTICLE 10  
EXTENSION OF OPTION**

- 10.1 Notwithstanding the provisions of Article 9, the Board may extend the period of time within which an Option held by an Optionee who has ceased to be an Eligible Person may be exercised, but such an extension shall not be granted beyond the original Expiry Date of the Option. Any extensions of Options granted under this Stock Option Plan are subject to applicable regulatory approval.

**ARTICLE 11  
GRANT OF MULTIPLE OPTIONS**

- 11.1 The grant of an Option to any Eligible Person shall not prevent the Board from granting further Options to the same Eligible Person and any such further grant of an Option shall, for the purposes of Article 3, be treated as a separate Option.

**ARTICLE 12  
NON-TRANSFERABILITY OF OPTIONS**

- 12.1 No Option granted under the Stock Option Plan shall be transferable or assignable by an Optionee, or subject to any other alienation, sale, pledge or encumbrance, otherwise than by will or by the laws of descent and distribution, and, therefore, such Option shall be exercisable, during an Optionee's lifetime, only by the Optionee.

**ARTICLE 13  
ADJUSTMENTS IN SHARES SUBJECT TO PLAN**

- 13.1 Following the date an Option is granted, the exercise price for and the number of Option Shares which are subject to an Option will be adjusted, with respect to the then unexercised portion thereof, in the events and in accordance with the provisions and rules set out in this Article 13, with the intent that the rights of Optionees under their Options are, to the extent possible, preserved notwithstanding the occurrence of such events. Any dispute that arises at any time with respect to any adjustment pursuant to such provisions and rules will be conclusively determined by the Board, and any such determination will be binding on Zadar, the Optionee and all other affected parties.
- 13.2 If the outstanding Common Shares are changed into or exchanged for a different number of shares or into or for other securities of Zadar or securities of another company or entity, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation, then on each exercise of the Option which occurs following such events, for each Option Share for which the Option is exercised, the Optionee shall instead receive the number and kind of shares or other securities of Zadar or other company into which such Option Share would have been changed or for which such Option Share would have been exchanged if it had been outstanding on the date of such event and the exercise price will be similarly adjusted so that the aggregate price to exercise the Option is preserved.

- 13.3 If the outstanding Common Shares are changed into or exchanged for a different number of shares or into or for other securities of Zadar or securities of another company or entity, in a manner other than as specified in paragraph 13.2, then the Board, in its sole discretion, may make such adjustment to the securities to be issued pursuant to any exercise of the Option and the exercise price to be paid for each such security following such event as the Board in its sole and absolute discretion determines to be equitable to give effect to the principle described in paragraph 13.1, and such adjustments shall be effective and binding upon Zadar and the Optionee for all purposes.

#### **ARTICLE 14 AMENDMENT OF THE PLAN**

- 14.1 The Board of Directors may amend or terminate this Stock Option Plan or any outstanding Option granted hereunder at any time without the approval of the shareholders of Zadar or any Optionee whose Option is amended or terminated, in order to conform this Stock Option Plan or such Option, as the case may be, to applicable law or regulation or the requirements of the Exchange or any relevant regulatory authority, whether or not such amendment or termination would affect any accrued rights, subject to the approval of the Exchange or such regulatory authority.
- 14.2 The Board of Directors may amend or terminate this Stock Option Plan or any outstanding Option granted hereunder for any reason other than the reasons set forth in paragraph 14.1 hereof, subject to the approval of the Exchange or any relevant regulatory authority and the approval of the shareholders of Zadar if required by the Exchange or such regulatory 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.
- 14.3 The Stock Option Plan, and any amendments thereto, shall be subject to acceptance and approval by the Exchange. Any Options granted prior to such approval and acceptance shall be conditional upon such approval and acceptance being given and no such Options may be exercised unless and until such approval and acceptance are given.
- 14.4 Subject to the prior approval of the Exchange and/or any other applicable regulatory authority, the Board may at any time supersede and replace the Stock Option Plan with a new stock option plan (a "New Plan"). If a New Plan is adopted in place of the Stock Option Plan, such New Plan may provide that all Options granted under the Stock Option Plan which are outstanding as of the date of adoption of the New Plan shall thereafter be governed by the New Plan; provided, however, that no amendment of the Stock Option Plan, or termination of the Stock Option Plan and adoption of a New Plan, may adversely affect the rights under any Option granted prior to such action without the consent of the Optionee.

#### **ARTICLE 15 EVIDENCE OF OPTIONS**

- 15.1 A written agreement will be entered into between Zadar 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, provisions as to vesting (if any) and the expiry date, and any other terms approved by the Board, all in accordance with the provisions of this Stock Option

Plan. The agreement will be in such form as the Board may from time to time approve, or authorize the officers of Zadar to enter into, and may contain such terms as may be considered necessary in order that the Option will comply with this Stock Option Plan and any regulatory body having jurisdiction over Zadar.

**ARTICLE 16  
EXERCISE OF OPTION**

- 16.1 Subject to the provisions of the Stock Option Plan and the particular Option, an Option may be exercised from time to time by delivering to Zadar at its office a written notice of exercise specifying the number of Common Shares with respect to which the Option is being exercised and accompanied by payment for the full amount of the purchase price of the Common Shares then being purchased.
- 16.2 The full purchase price of Common Shares purchased under the Option must be paid by certified cheque made payable to Zadar.
- 16.3 Subject to the provisions of the Stock Option Plan and the particular Option, upon receipt of a treasury order directing the issue of Common Shares purchased under the Stock Option Plan, the transfer agent is authorized and directed to issue and countersign share certificates for the Option Shares in the name of such Optionee or the Optionee's legal personal representative or as may be directed in writing by the Optionee's legal personal representative.

**ARTICLE 17  
RIGHTS PRIOR TO EXERCISE**

- 17.1 An Optionee shall have no rights whatsoever as a shareholder in respect of any of the Option Shares (including any right to receive dividends or other distributions therefrom or thereon) other than in respect of Option Shares in respect of which the optionee shall have exercised the Option to purchase hereunder and which the Optionee shall have actually taken up and paid for.

**ARTICLE 18  
GOVERNING LAW**

- 18.1 This Stock Option Plan shall be construed in accordance with and be governed by the laws of the Province of British Columbia and shall be deemed to have been made in said Province, and shall be in accordance with all applicable securities laws.

**ARTICLE 19  
EXPIRY OF OPTION**

- 19.1 On the expiry date of any Option granted under the Stock Option Plan, and subject to any extension of such expiry date permitted in accordance with the Stock Option Plan, such Option shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Option Shares in respect of which the Option has not been exercised.
- 19.2 On the expiry date of any Option granted under the Stock Option Plan, and subject to any extension of such expiry date permitted in accordance with the Stock Option Plan, such

Option shall forthwith expire and terminate and be of no further force or effect whatsoever as to such of the Option Shares in respect of which the Option has not been exercised.

**ARTICLE 20  
PRIOR PLANS**

- 20.1 On the effective date (as set out in paragraph 21.1 hereof), subject to Exchange approval and, if required, shareholder approval, this Stock Option Plan shall entirely replace and supercede the prior stock option plan approved at the shareholders' meeting held on October 12, 2011.

**ARTICLE 21  
EFFECTIVE DATE OF THE PLAN**

- 21.1 This Stock Option Plan shall become effective as of and from, and the effective date of the Plan shall be December 28, 2012, subject to its approval by the shareholders of Zadar and acceptance for filing by the Exchange.



## **SCHEDULE "B"**

### **ZADAR VENTURES LTD. (the "Company")**

#### **AUDIT COMMITTEE CHARTER**

##### **MANDATE**

The audit committee (the "**Committee**") will assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reporting process, the system of internal control and the audit process.

##### **COMPOSITION**

The Committee shall be comprised of at least three members. Each member must be a director of the Company. A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company. At least one member of the Committee shall be financially literate. All members of the Committee who are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of this Audit Committee Charter, the term "financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The Chair shall be financially literate and an independent director as defined in Section 1.4 of National Instrument 52-110 Audit Committees.

##### **MEETINGS**

Meetings of the Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly. Unless all members are present and waive notice, or those absent waive notice before or after a meeting, the Chairman will give Committee members 24 hours' advance notice of each meeting and the matters to be discussed at it. Notice may be given personally, by telephone, facsimile or e-mail.

The external auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at any other meeting. On request by the external auditor, the Chair shall call a meeting of the Committee to consider any matter that the external auditor believes should be brought to the attention of the Committee, the Board of Directors or the shareholders of the Company.

At each meeting of the Committee, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company. A member may participate in a meeting of the Committee in person or by telephone if all members participating in the meeting, whether in person

or by telephone or other communications medium, are able to communicate with each other. A member may participate in a meeting of the Committee by a communications medium other than telephone if all members participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all members who wish to participate in the meeting agree to such participation.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the external auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the external auditor and management annually to review the Company's financial statements.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

## **RESPONSIBILITIES AND DUTIES**

### ***Financial Accounting and Reporting Process and Internal Controls***

The Committee is responsible for reviewing the Company's financial accounting and reporting process and system of internal control. The Committee shall:

- (a) Review the annual audited financial statements to satisfy itself that they are presented in accordance with international financial reporting standards ("IFRS") and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review the interim financial statements.
- (b) With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditor and have meetings with the Company's auditor without management present, as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.
- (c) Review any internal control reports prepared by management and the evaluation of such report by the external auditor, together with management's response.
- (d) Review the Company's financial statements, management's discussion and analysis and annual and interim profit or loss, and any press releases related thereto before the Company publicly discloses this information.
- (e) Review and satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in paragraph (d) above, and periodically assess the adequacy of those procedures.

- (f) Meet no less frequently than annually with the external auditor and the Chief Financial Officer to review accounting practices, internal controls and such other matters as the Committee or Chief Financial Officer deem appropriate.
- (g) Inquire of management and the external auditor about significant financial risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management has taken to minimize such risks.
- (h) Review with management and the independent auditor significant related party transactions and potential conflicts of interest.
- (i) Review the post-audit or management letter containing the recommendations of the external auditor and management's response and subsequent follow-up to any identified weaknesses.
- (j) Establish procedures for:
  - i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

## **Audit**

### External Auditor

The Committee has primary responsibility for the selection, appointment, dismissal and compensation and oversight of the external auditor, subject to the overall approval of the Board of Directors. In carrying out this duty, the Committee shall:

- (a) Require the external auditor to report directly to the Committee.
- (b) Recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment as the external auditor for the ensuing year for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company and the compensation for the external auditor, or, if applicable, the replacement of the external auditor.
- (c) Review, annually, the performance of the external auditor.
- (d) Review and confirm the independence of the external auditor.
- (e) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the external auditor and former independent external auditor of the Company.

- (f) Pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor.

#### Audit and Review Process and Results

The Committee is directly responsible for overseeing the work by the external auditor (including resolution of disagreements between management and the external auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company. The Committee shall:

- (a) Review the external auditor's audit plan, including the scope, procedures and timing of the audit.
- (b) Review the results of the annual audit with the external auditor, including matters related to the conduct of the audit.
- (c) Obtain timely reports from the external auditor describing critical accounting policies and practices, alternative treatments of information with IFRS that were discussed with management, their ramifications, and the external auditor's preferred treatment.
- (d) Ensure that all material written communications between the Company and the external auditor are sent to the Committee.
- (e) Review fees paid by the Company to the external auditor and other professionals in respect of audit and non-audit services on an annual basis.
- (f) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

#### ***Other***

- (a) Perform such other duties as may be assigned to it by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation.
- (b) Report regularly and on a timely basis to the Board of Directors on matters coming before the Committee.
- (c) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

#### **AUTHORITY**

The Committee is authorized to:

- (a) to seek any information it requires from any employee of the Company in order to perform its duties;
- (b) to engage, at the Company's expense, independent legal counsel or other professional advisors on any matter within the scope of the role and duties of the Committee under this Charter;

(c) to set and pay the compensation for any advisors engaged by the Committee; and

(d) to communicate directly with the internal and external auditor of the Company.

This Charter supersedes and replaces all prior charters and other terms of reference pertaining to the Committee.

## SCHEDULE "C"

### AMENDMENT RESOLUTION

#### WHEREAS:

- A. The board of directors of the Company proposes that the Company alter its articles to allow the directors to effect by directors' resolution certain corporate actions that, under the current articles, require a special resolution.

#### BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. Subject to TSX Venture Exchange approval, the Company's articles be altered by replacing reference to "special resolution" in sections 9.1 and 9.3 with "resolution of the directors" such that Article 9 of the Company's articles ("**Alterations**") is substantially in the form attached as Exhibit "1" to Schedule "C" of the Company's Information Circular dated January 22, 2019.
2. The board of directors of the Company be and is hereby authorized in its absolute discretion to administer the provisions of Article 9 and to make such minor revisions to the form of text of Article 9 as may be needed to reflect changes required by corporate or securities regulatory agencies or stock exchanges.
3. Despite the foregoing, the directors may revoke this resolution without further approval of the shareholders at any time prior to the filing of any documents required to give effect to the alteration of the Articles under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), if the Board deems it appropriate and in the best interests of the Company to do so.
4. Any director or officer of the Company be and is hereby authorized to do such things and to execute and deliver all documents that such director or officer may, in his discretion, determine to be necessary in order to give full effect to the intent and purpose of this resolution (including, without limitation, the filing of any documents required to give effect to the alteration of the Articles under the BCBCA).

## **EXHIBIT 1 to SCHEDULE "C"**

### ARTICLE 9 – ALTERATIONS

#### **9. ALTERATIONS**

##### **9.1 Alteration of Authorized Share Structure**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may by resolution of the directors:

- (1) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (2) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (3) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (4) if the Company is authorized to issue shares of a class of shares with par value:
  - a. decrease the par value of those shares; or
  - b. if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (5) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (6) alter the identifying name of any of its shares; or
- (7) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

##### **9.2 Special Rights and Restrictions**

Subject to the *Business Corporations Act*, the Company may by special resolution:

- (1) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (2) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

##### **9.3 Change of Name**

The Company may by resolution of the directors authorize an alteration of its Notice of Articles in order to change its name.

##### **9.4 Other Alterations**

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

