

**NOTICE OF MEETING AND INFORMATION CIRCULAR**

**2018 ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**of**

**ELY GOLD ROYALTIES INC.**

**All information in this Information Circular is presented as of May 16, 2018 unless otherwise stated herein.**

## ELY GOLD ROYALTIES INC.

### NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting (the "**Meeting**") of the Shareholders of Ely Gold Royalties Inc. ("the **Company**" or "**Ely Gold**") will be held at 3800 S. Virginia Street, Grand 5 Suite, Reno, Nevada, 89502 on June 21, 2018 at 10:00 a.m. (Pacific Daylight Time) for the following purposes:

1. to receive the audited consolidated financial statements of the Company for its financial year ended December 31, 2017, the Report of the Auditor on those statements, and the related Management Discussion & Analysis;
2. to appoint an auditor for the ensuing year;
3. to confirming the number of directors;
4. to elect directors for the ensuing year;
5. to consider and, if deemed appropriate, pass an ordinary resolution approving and ratifying Company's stock option plan; and
6. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying Information Circular provides additional information relating to the matters to be dealt with at the Meeting and is incorporated by reference into and deemed to form part of this Notice.

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares are voted at the Meeting are requested to complete, sign, date and return the enclosed form of Proxy or Voting Instruction Form in accordance with the instructions set forth therein and in the Information Circular. The Proxy or Voting Instruction Form, to be valid, must be properly completed and received by AST Trust Company (Canada), Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by email to [proxy@canstockta.com](mailto:proxy@canstockta.com), or by facsimile to 416-368-2502 (Toll Free: 1-866-781-3111 Canada & US Only), not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the holding the Meeting or any adjournment thereof.**

**DATED** at Vancouver, British Columbia this 16th day of May, 2018.

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

*"Trey Wasser"*

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C.F. "Trey" Wasser III  
Chief Executive Officer, President and Director

**ELY GOLD ROYALTIES INC.**  
**INFORMATION CIRCULAR**  
(as at May 16, 2018, unless indicated otherwise)

**SOLICITATION OF PROXIES**

This Information Circular and the accompanying documents (the “Meeting Materials”) are furnished in connection with the solicitation of proxies by the management of Ely Gold Royalties Inc. (the “Company” or “Ely Gold”) for use at the Annual General Meeting of Shareholders of the Company to be held on June 21, 2018 (the “Meeting”) and any adjournment thereof at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Company. All costs of solicitation will be borne by the Company.

**APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are directors and/or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES OR BY COMPLETING ANOTHER FORM OF PROXY.** To be valid, a proxy must be in writing and executed by the shareholder or its attorney authorized in writing, unless the shareholder chooses to complete the proxy by the internet as described in the enclosed proxy form. Completed, dated and signed proxies must be received by AST Trust Company (Canada), by mail at P.O. Box 721, Agincourt, ON M1S 0A1, or by fax at 416-368-2502 or toll free in Canada and United States at 1-866-781-3111 or by scan and email at proxy@canstockta.com not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, or, at the discretion of the Chairman of the Meeting, delivered to the Chairman of the Meeting prior to the commencement of the Meeting or prior to any re-commencement of the Meeting after an adjournment.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, Suite 1800, 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

**INFORMATION FOR BENEFICIAL HOLDERS OF SHARES**

The shares owned by many shareholders of the Company are not registered on the records of the Company in the shareholders’ own names, but in the name of a securities dealer, bank or other intermediary, or in the name of a clearing agency (referred to in this Information Circular as an “intermediary” or “intermediaries”). Shareholders who do not hold their shares in their own names (referred to in this Information Circular as “beneficial holders”) should note that only registered shareholders may vote at the Meeting. A beneficial holder cannot be recognized at the Meeting for the purpose of voting his shares unless he is appointed by the intermediary as a proxyholder.

Applicable regulatory policy requires intermediaries to seek voting instructions from beneficial shareholders. Every intermediary has its own procedures to seek those instructions. Beneficial shareholders should follow those procedures carefully to ensure that their shares are voted at the Meeting.

The majority of brokers in Canada have delegated authority for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada (“Broadridge”). Broadridge typically applies a special sticker to the proxy forms, or alternatively, prepares a separate “voting instruction” form, mails those forms to beneficial holders, and asks beneficial holders to return the proxy or voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions for voting at the Meeting. A beneficial holder who receives a proxy bearing a Broadridge sticker or a voting instruction form cannot deposit that proxy or form on the Meeting date to vote common shares at the Meeting. The proxy or form must be returned to Broadridge in advance of the Meeting in order to allow the shares to be voted by the named proxyholder at the Meeting.

In addition to those procedures, recent amendments to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) allow a non-objecting beneficial holder (“NOBO”) to submit to the Company or an applicable intermediary any document in writing that requests that such NOBO or its nominee be appointed as the NOBO’s proxyholder. If such a request is received, the Company or the intermediary, as applicable, must arrange, without expense to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Information Circular, provided that the Company or the intermediary receives such written instructions at least one business day prior to the time at which proxies are to be submitted for use at the Meeting; accordingly, any such request must be received by 10:00 a.m. (Pacific time) on Monday, June 19, 2018.

An objecting beneficial owner (“OBO”) is a beneficial holder who has provided instructions to an intermediary holding common shares in an account on behalf of the OBO that the OBO objects to the intermediary disclosing the OBO’s name, address and share ownership information to the Company to allow the Company to send shareholder materials to the OBO. The Company does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and an OBO will not receive those materials unless the OBO’s intermediary assumes the cost of delivery.

**IF YOU ARE A BENEFICIAL SHAREHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT WELL IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.**

## **EXERCISE OF DISCRETION**

**Shares represented by proxy are entitled to be voted on a show of hands or any poll and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the shares will be voted or withheld from voting in accordance with the specification so made.**

**SUCH SHARES WILL BE VOTED FOR EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER.**

**The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated**

**in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.**

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

As at May 16, 2018 (the "Record Date"), the Company has issued and outstanding 79,055,474 fully paid and non-assessable common shares, each share carrying the right to one vote. **THE COMPANY HAS NO OTHER CLASSES OF VOTING SECURITIES.**

Any shareholder of record at the close of business on the Record Date who either personally attends the Meeting or who has completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have his shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, there are no persons or companies who beneficially own, or control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company.

The quorum required for the transaction of business at the Meeting is one person who is, or who represents by proxy, a shareholder entitled to vote at such meeting.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED ON**

No person who has been a director or executive officer of the Company at any time since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of an auditor, except as may be disclosed herein under the heading "Particulars of Matters to be Acted Upon".

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

No informed person of Ely Gold, nor any proposed director of Ely Gold, nor any associate or affiliate of any informed person or proposed director, has had any material interest, direct or indirect, in any transaction since the commencement of Ely Gold's last completed financial year, or has any material interest, direct or indirect, in any proposed transaction which, in either case, has materially affected or would materially affect Ely Gold, except as may otherwise be disclosed herein.

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

No director, proposed director, executive officer, employee or former executive officer, director or employee of the Company or any of its subsidiaries, or any associate of any director, proposed director or executive officer has been indebted to the Company or any subsidiary of the Company at any time since the beginning of the last completed financial year of the Company, other than for routine indebtedness.

## CORPORATE GOVERNANCE

Corporate governance is the process and structure used to direct and manage the business and affairs of a Company with the objective of enhancing value for its owners. National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) of the Canadian Securities Administrators (the “**CSA**”) requires the Company to disclose a summary of its corporate governance protocols. The Company is a venture issuer and, accordingly, provides the following summary having regard to the corporate governance guidelines adopted in National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) and Form 58-101F2 *Corporate Governance Disclosure (Venture Issuers)*.

### Board of Directors

The board of directors of the Company (the “**Board**”) has the overall responsibility for the strategic planning and general management of the business and affairs of the Company. The Board does not have a written mandate. In fulfilling its responsibilities, the Board is responsible for, among other things:

- (a) strategic planning for the Company;
- (b) identification of the principal business risks of the Company and ensuring the implementation of the appropriate systems to manager these risks;
- (c) succession planning for the Company, as well as the appointment, development and monitoring of senior management;
- (d) a communications policy for the Company; and
- (e) the integrity of the Company's internal control and management information system.

NP 58-201 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as “independent” directors under NI 58-101. The TSX Venture Exchange (“**TSXV**”) requires that each listed issuer have at least two independent directors. Under NI 58-101, which refers in turn to National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), a director is considered independent if he or she has no direct or indirect “material relationship” with the Company (other than shareholdings) which could, in the view of the Board, reasonably interfere with the exercise of that director’s independent judgment.

The Board is currently comprised of five directors, three of whom are “independent” within the meaning of NI 52-110. Ronald Husband, William Sheriff, and Thomas Wharton are independent, C.F. “Trey” Wasser III, CEO, is not independent because he is an executive officer, and Stephen Kenwood is not considered independent because he receives consulting fees from the Company.

The Board facilitates its exercise of independent supervision over management through its committees having a majority of independent directors and through the requirement for approval of such matters as executive compensation by a majority of independent directors as well as a majority of the Board as a whole.

The Company has not historically had regularly scheduled meetings of independent directors at which non-independent directors are not in attendance, as approvals for corporate actions have generally been obtained by unanimous written resolutions with appropriate disclosures and abstentions.

## Other Directorships

The Company's current directors are also directors of other reporting issuers as follows:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>
Ronald Husband	Sonoro Metals Corp.
C.F. "Trey" Wasser III	Taku Gold Corp.
Stephen Kenwood	Majestic Gold Corp.; Essex Minerals Inc.; Sonoro Metals Corp.; Newcastle Energy Corp.
Thomas Wharton	Dolly Varden Silver Corporation; Chakana Copper Corp.; Angel Gold Corp.
William Sheriff	Golden Predator Mining Corp.; enCore Energy Corp.

No other current director of the Company is currently a director of any other issuer that is a reporting issuer (or the equivalent) in a Canadian or foreign jurisdiction.

## Orientation and Continuing Education

The Board ensures that each new nominee has the competencies, skills and personal qualities required to perform his duty properly, and management of the Company provides informal orientation and education to new directors respecting Ely Gold's history, properties, performance and strategic plans. However, the Board does not have any formal policies with respect to the orientation of new directors, nor does it take any measures to provide continuing education for the directors. At this stage of the Company's development, and having regard to the background and experience of its directors, the Board does not feel it necessary to have such policies or programs in place. Each director is responsible for keeping informed of Company affairs, and directors are informed not less than quarterly regarding corporate developments in the process of approving financial statements and other continuous disclosure documents.

## Ethical Business Conduct

The Board conducts itself with high business and moral standards and follows all applicable legal and financial requirements. In that regard, the Board has adopted a written Code of Business Conduct and Ethics (the "**Code**") for its directors, officers, employees and consultants. The Code adopted by the Board has been filed with the securities regulators, in accordance with applicable legislation, and is available for viewing on SEDAR at [www.sedar.com](http://www.sedar.com). The Code establishes practices regarding compliance with the law and internal policies and guidelines

## Nomination of Directors

The Board has not historically had a formal process in place with respect to the recruitment or appointment of new directors. Candidates have historically been recruited by existing Board members, and the recruitment process has involved both formal and informal discussions among Board members. The Board does not currently have a Nominating Committee.

## Compensation

The Company currently has a Compensation Committee, described under "*Oversight and Description of NEO and Director Compensation*" in the Statement of Executive Compensation below, but does not, at present, have a formal process in place for determining compensation for the directors and the CEO.

Compensation for the directors and the CEO is ultimately determined by the Board as a whole, and CEO compensation must, as well, be approved by a majority of independent directors.

### **Other Board Committees**

At the present time, the only standing committee other than the Compensation Committee is the Audit Committee. As Ely Gold grows, and its operations and management structure became more complex, the Board expects it will constitute additional formal standing committees and will ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

### **Assessments**

The Board monitors, but does not formally assess, the performance of individual Board and committee members and their contributions. The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on Ely Gold's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time.

### **STATEMENT OF EXECUTIVE COMPENSATION**

The following disclosure is in compliance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, adopted by the CSA, including all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each NEO (as defined below) and director in the most recently completed financial year, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given, or otherwise provided to the NEO or director for services provided and for services to be provided, directly or indirectly, to the Company or a subsidiary of the Company.

“NEO” means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer or chief financial officer, including an individual performing functions similar to a chief executive officer or chief financial officer;
- (b) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year;
- (c) each individual who would be a NEO under paragraph (b) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year.

Except as set forth in this Information Circular, no compensation has been awarded to, earned by, paid to, or become payable to any director or NEO, in any capacity with respect to the Company or its subsidiaries, and, to the best of management's knowledge and belief, no compensation has been awarded to, earned by, paid to, or become payable to, an NEO or director, in any capacity with respect to the Company, by another person or company.

The Company had two NEOs during the Company's financial year ended December 31, 2017. All of the NEOs were employees of or consultants to the Company or one of its wholly owned subsidiaries, directly or through corporations controlled by them. The Chief Executive Officer, C.F. "Trey" Wasser III, is a director of the Company and provides certain of his services through a company controlled by him and the balance of his services directly. The Chief Financial Officer, Scott Kelly, is not a director or employee of the Company, and provides his services through a company controlled by him.

To the best of management's knowledge and belief, except as set forth in this Information Circular, there have been no awards, earnings, payments, or payables to an associate of an NEO, or of a director, as a result of compensation awarded to, earned by, paid to, or payable to the NEO or the director, in any capacity with respect to the Company.

### ***Oversight and Description of NEO and Director Compensation***

The compensation paid to NEOs directly and indirectly is designed to fairly compensate the NEOs for the time they commit to the Company's affairs. The objective of the compensation is to retain their services and to incentivize and reward them for those services.

The Company has a Compensation Committee (the "**Compensation Committee**"), most recently comprised of William Sheriff, Ronald Husband and Thomas Wharton, all of whom are "independent" members of the Compensation Committee for the purposes of NI 52-110 (as defined above) and NP 58-201 (as defined above).

All members of the Compensation Committee have direct experience relevant to their responsibilities on the Committee as directors of other reporting issuers, and all members have direct experience relevant to their responsibilities on the Committee by virtue of other businesses in which they are now and have previously been involved.

The Compensation Committee provides input and, in some cases makes recommendations to the Board, regarding executive compensation. However, executive compensation decisions are ultimately made by the Board as a whole, and CEO compensation must, as well, be approved by a majority of independent directors pursuant to the Policies of the TSXV. In general, the mandate of the Compensation Committee is as follows:

- (a) to recommend to the Board human resources and compensation policies and guidelines for application to the Company;
- (b) to ensure that the Company has in place programs and compensation practices as required to attract and develop management of the highest calibre and a process to provide for the orderly succession of management;
- (c) review, on an annual basis, the performance and the salary, bonus and other benefits, direct and indirect, of each officer of the Company who serves as part of management and to make recommendations in respect thereof for approval by the Board, provided that such Board approval will include the approval of a majority of directors that are independent;
- (d) to review and approve all proposed direct and indirect payments to Non-Arm's Length Persons (including proposed advances and expense reimbursements);

- (e) review and make recommendations to the Board concerning the President’s recommendations for stock option grants to directors, senior officers, employees and consultants of the Company and its affiliates under the Company’s incentive stock option plan;
- (f) to periodically review the adequacy and form of the compensation of directors and to ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director, and to report and make recommendations to the Board accordingly.

The objective of the Board is to maintain strong executive leadership through, in part, compensation practices, and thereby build shareholder value. The Board seeks to motivate and reward executives whose knowledge, skills and performance are critical to the Company’s success. Performance goals are subjective because the Company is a junior natural resource company, but may be generally described as enhancing shareholder value through acquisition, disposition and enhancement of assets, arranging debt and equity financings, and managing Company business and investor relations.

The Company uses option-based awards to incentivize NEOs, as well as directors, officers, employees and consultants who are not also NEOs. The Board as a whole is responsible for setting or amending any equity incentive plan under which an option-based award is granted. Previous grants of option-based awards are taken into account when considering new grants. The Company also pays cash compensation in the form of salaries or management or consulting fees. In some cases bonuses are considered appropriate for past performance of NEOs.

No new actions, decisions or policies were made after the end of the most recently completed financial year that could affect a reasonable person’s understanding of an NEO’s compensation for the most recently completed financial year except as described under “CEO Agreements” in this Circular.

### Director and NEO Compensation, Excluding Compensation Securities

The following table sets forth information concerning compensation for each of the two most recently completed financial years, other than compensation disclosed under “Stock Options and other Compensation Securities”, of each NEO and each director who was not also an NEO during the Company’s financial year ended December 31, 2017. For NEOs who are also directors and who received compensation for services as a director during any such year, the table includes that compensation and a footnote which explains which amounts relate to the director role.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
C.F. “Trey” Wasser III, President and CEO <sup>(1)</sup>	2017	189,929	127,290	Nil	Nil	Nil	317,219
	2016	188,988	100,702	Nil	Nil	Nil	289,690
Scott Kelly CFO <sup>(2)</sup>	2017	60,000	16,547	Nil	Nil	Nil	76,547
	2016	60,000	14,098	Nil	Nil	Nil	74,098
Stephen Kenwood Director <sup>(3)</sup>	2017	60,000	16,547	Nil	Nil	Nil	76,547
	2016	60,000	14,098	Nil	Nil	Nil	74,098

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Ronald Husband Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Marco Galindo Director	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	Nil	Nil	Nil	Nil	Nil	Nil
Thomas Wharton Director <sup>(4)</sup>	2017	Nil	Nil	Nil	Nil	Nil	Nil
	2016	49,150	Nil	Nil	Nil	Nil	49,150
<p>(1) Pilot Point Partners LLC, a company controlled by Mr. Wasser was paid \$181,094 (US\$144,000) in 2017, and 188,988 (US\$144,000) in 2016, for consulting services provided to the Company (see “Employment, Consulting and Management Agreements” below). The Company paid a bonus of \$125,760 in 2017 and \$100,702 in 2016 to Pilot Point Partners LLC.</p>							
<p>(2) Tuareg Consulting Inc, a company controlled by Mr. Kelly was paid \$60,000 for accounting services during each of 2017 and 2016 (see “Employment, Consulting and Management Agreements” below). The Company paid a bonus of \$16,348 in 2017 and \$14,098 in 2016 to Tuareg Consulting Inc.</p>							
<p>(3) 0713708 B.C. Ltd., a company controlled by Mr. Kenwood, was paid \$60,000 in 2017 and \$60,000 in 2016 for consulting services rendered to the Company by Mr. Kenwood. The Company paid a bonus of \$16,348 in 2017 and \$14,098 in 2016 to 0713708 BC Ltd.</p>							
<p>(4) Thomas Wharton was paid \$nil in 2017 and \$49,150 in 2016 for consulting services rendered to the Company.</p>							

## Employment, Consulting and Management Agreements

The following discussion describes and explains the material terms of each agreement or arrangement under which compensation was provided during the two most recently completed financial years or is payable in respect of services provided to the Company or any of its subsidiaries by an NEO or director of the Company as disclosed in the “*Table of compensation excluding compensation securities*” above.

### *CEO Agreement*

Pursuant to a consulting agreement (the “**CEO Agreement**”) dated March 1, 2018 between the Company and Pilot Point Partners LLC, a company controlled by the CEO (the “**CEO Company**”), which superseded several prior engagement agreements, the Company is currently obligated to pay to the CEO Company a fee (the “**Annual CEO Fee**”) of US\$150,000 per year, and:

- (a) in the event of discharge without cause, resignation for good reason or termination due to death or disability of the CEO whilst performing services for the Company, an amount equal to the greater of: (i) two times the Annual CEO Fee in effect upon the date of termination; or (ii) if the then current term of the CEO Agreement is greater than one year, an amount equal to the compensation payable over the balance of the term; in either case in equal monthly instalments beginning in the month next following the month of termination; and
- (b) in the event of termination of the CEO Company’s engagement after a Change of Control (as defined below) (i) by the Company for any reason other than death or disability of the CEO or (ii) by the CEO Company at its sole discretion during the 180 day period commencing on the date of the Change of Control, an amount equal to three times the Annual CEO Fee accrued under the CEO

Agreement but not less than US\$350,000 net of any withholding and other taxes, and any other compensation earned up to the date of termination, including any pro rata bonus, as well as any unreimbursed expenses.

In the case of a Change of Control, all options held by the CEO Company will immediately vest and become exercisable, and any provision of such options which provides for termination of the option upon, or within a stated time after termination of engagement, shall become void.

“**Change of Control**” is defined in the CEO Agreement to mean the occurrence of any one or more of the following events:

- (a) a person becoming the beneficial owner of securities of the Company representing more than 55% of the combined voting power of the Company’s then outstanding securities;
- (b) during any 12 month period, new persons constituting a majority of the Board of Directors of the Company; or
- (c) the shareholders of the Company approve a plan of dissolution of the Company, an agreement for the sale, joint venture or disposition of all or substantially all of the Company’s assets equal or greater than 60% of the assets or a merger, consolidation or reorganization of the Company with or involving any other company, other than a merger, consolidation or reorganization that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent at least 80% of the combined voting power of the securities of the Company (or other surviving entity) outstanding immediately after such merger, consolidation or reorganization.

### ***CFO Agreement***

Pursuant to a consulting agreement made as of March 1, 2018 between the Company and Tuareg Consulting Inc.(the “**CFO Agreement**”), a company controlled by the CFO (the “**CFO Company**”), the Company is currently obligated to pay the CFO Company an annual fee (the “**Annual CFO Fee**”) of \$84,000 in equal monthly instalments and:

- (a) in the event of termination of the CFO Company’s services without just cause, an amount equal to the greater of: (i) 100% of the Annual CFO Fee in effect upon the date of termination; or (ii) \$84,000 so long as the then current term of the CFO Agreement is greater than one year, an amount equal to the balance of the Annual CFO Fees payable over the balance of the term; in either case in equal monthly instalments beginning in the month next following the month of termination; or
- (b) in the event of a Change of Control (as defined below) of the Company, a lump sum amount equal to two times the Annual CFO Fee plus any earned and unpaid incentive bonuses.

“**Change of Control**” is defined in the CFO Agreement to mean the occurrence of any one or more of the following events:

- (a) the acquisition by any person and any parties acting jointly or in concert with that person of either the shares of the Company such that the acquiror(s) beneficially own or exercise control or direction over greater than 50% of the outstanding voting shares of the Company, or the assets of the Company such that the acquiror(s) beneficially own or exercise control or direction over all or substantially all of the assets of the Company; or

- (b) during any 24 month period, new persons constituting a majority of the Board of Directors of the Company unless such changes were made as a result of appointments made or nominations for election put forth by the Board of Directors.

***Consulting Agreement with 0713708 B.C. Ltd.***

Pursuant to a consulting agreement (the “**0713708 Agreement**”) dated March 1, 2018 between the Company and 0713708 B.C. Ltd. (“**0713708**”), a company controlled by Stephen Kenwood, the Company is currently obligated to pay 0713708 an annual fee (the “**Annual 0713708 Fee**”) of \$60,000 in equal monthly instalments and:

- (a) in the event of termination of 0713708 services without just cause, an amount equal to the greater of: (i) 1.5 times the Annual 0713708 Fee in effect upon the date of termination; or (ii) \$90,000 so long as the then current term of the 0713708 Agreement is greater than one year, an amount equal to the balance of the Annual 0713708 Fee payable over the balance of the term; in either case in equal monthly instalments beginning in the month next following the month of termination; or
- (b) in the event of a Change of Control (as defined below) of the Company, a lump sum amount equal to 1.5 times the Annual 0713708 Fee plus any earned and unpaid incentive bonuses.

“**Change of Control**” is defined in the 0713708 Agreement to mean the occurrence of any one or more of the following events:

- (a) the acquisition by any person and any parties acting jointly or in concert with that person of either the shares of the Company such that the acquiror(s) beneficially own or exercise control or direction over greater than 50% of the outstanding voting shares of the Company, or the assets of the Company such that the acquiror(s) beneficially own or exercise control or direction over all or substantially all of the assets of the Company; or
- (b) during any 24 month period, new persons constituting a majority of the Board of Directors of the Company unless such changes were made as a result of appointments made or nominations for election put forth by the Board of Directors.

**External management companies**

Other than as disclosed above under “**Employment, Consulting and Management Agreements**”, the Company is not a party to any contract, agreement, plan or arrangement with its NEOs that provide for payments to NEOs at, following or in connection with any termination (whether voluntary, involuntary or constructive) resignation or retirement, or as a result of a change in control of the Company or a change in a NEOs responsibilities.

**Stock Options and other Compensation Securities**

The following table sets out for each director and NEO all compensation securities granted or issued by the Company in the most recently completed financial year.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
C.F. "Trey" Wasser III CEO	Stock Options	300,000 13.5%	11/22/17	\$0.10	\$0.11	\$0.095	11/22/27
Scott Kelly CFO	Stock Options	175,000 7.9%	11/22/17	\$0.10	\$0.11	\$0.095	11/22/27
Stephen Kenwood Director	Stock Options	150,000 6.75%	11/22/17	\$0.10	\$0.11	\$0.095	11/22/27
Ronald Husband Director	Stock Options	150,000 6.75%	11/22/17	\$0.10	\$0.11	\$0.095	11/22/27
William Sheriff Director	Stock Options	500,000 200,000 31.5%	06/19/17 11/22/17	\$0.125 \$0.10	\$0.12 \$0.11	\$.095	06/19/27 11/22/27
Thomas Wharton Director	Stock Options	200,000 9.0%	11/22/17	\$0.10	\$0.11	\$0.095	11/22/27

The following table sets out for each director or NEO each exercise by a director or NEO of compensation securities during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
C.F. “Trey” Wasser III CEO	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Scott Kelly CFO	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Stephen Kenwood Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Ronald Husband Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
William Sheriff Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A
Thomas Wharton Director	Stock Options	Nil	N/A	N/A	N/A	N/A	N/A

### Stock Option Plans and Other Incentive Plans

See “PARTICULARS OF MATTERS TO BE ACTED ON – Approval of Stock Option Plan” for particulars of the Company’s Stock Option Plan. The Company has no other incentive plans.

### Pension Disclosure

The Company does not offer any pension plan benefits to its Directors or NEOs.

### MANAGEMENT CONTRACTS

No management functions of the Company or any of its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company, except as disclosed herein.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Company has in place a share option plan (the “Plan”) which was most recently approved by the Shareholders on November 2, 2017. For full particulars of the Plan see “Particulars of Matters to be Acted Upon – Stock Option Plan”. The Company has no other equity compensation plans.

The following table sets out, as of the end of the Company’s financial year ended December 31, 2017, all information required with respect to compensation plans under which equity securities of the Company are authorized for issuance:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
Equity compensation plans approved by securityholders	6,875,000	\$0.10	1,030,547
	5,000,000	\$0.20	N/A
	1,000,000	\$0.125	N/A
<b>Total</b>	<b>12,875,000</b>	<b>\$0.135</b>	<b>1,030,547</b>

## **AUDIT COMMITTEE**

The Company's Audit Committee Charter is attached to this Information Circular as Schedule A. The following is a summary of matters relating to the Audit Committee pursuant to NI 52-110.

### **Composition of the Audit Committee**

Messrs. Stephen Kenwood, Ronald Husband and Thomas Wharton are currently members of the Company's audit committee. Ely Gold has no Executive Committee.

As at the date hereof, the members of the Audit Committee are Ronald Husband, Thomas Wharton and Stephen Kenwood. Messrs. Husband and Wharton are both independent directors of the Company pursuant to the NI 52-110. Mr. Kenwood is not independent because he receives consulting fees from the Company. Each of the members of the Audit Committee is financially literate within the meaning of Section 1.5 of NI 52-110 in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### **Relevant Education and Experience**

Mr. Stephen Kenwood is President and a director of Majestic Gold Corp. He is also a director of three other public companies. Mr. Ronald Husband is an independent management consultant. He is also a director of one other public company. Mr. Thomas Wharton is a director of three other public companies.

### **Audit Committee Oversight**

The Audit Committee has not, at any time since the commencement of the Company's most recently completed financial year, made a recommendation to the Board to nominate or compensate an external auditor which was not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on an exemption under section 2.4, 6.1.1(4), (5) or (6), or granted under Part 8 of NI 52-110.

## Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Engagements for such services are considered on a case-by-case basis.

## External Auditor Service Fees

The following table sets forth the fees billed to the Company by its auditor, Smythe CPA, Chartered Accountants, for services rendered in respect of the last two financial years:

	December 31, 2017	December 31, 2016
<b>Audit Fees:</b>	\$35,000	\$29,580
<b>Audit Related Fees:</b>	Nil	Nil
<b>Tax Fees<sup>(1)</sup>:</b>	\$7,700	\$3,000
<b>All Other Fees:</b>	Nil	Nil
(1) These fees relate to the preparation and filing of the Company's annual tax returns.		

## Exemption for Venture Issuers

The Company is relying upon the exemption in section 6.1 of NI 52-110, which exempts issuers whose shares are listed only on the TSXV from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*).

## PARTICULARS OF MATTERS TO BE ACTED ON

### Appointment of Auditor

Management recommends that shareholders vote in favour of reappointing Smythe CPA, Chartered Accountants, as Ely Gold's auditor to hold office until the next annual general meeting of shareholders. Smythe CPA, Chartered Accountants was first appointed as the Company's auditors in May 2003.

### Number of Directors

The Board of Directors presently consists of six (6) directors and it is intended to determine the number of directors at six (6) and to elect six (6) directors for the ensuing year.

### Election of Directors

The term of office of each of the present directors expires at the Meeting. At the Meeting, management intends to nominate for re-election all incumbent directors.

The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* (British Columbia) (the "**Act**").

Pursuant to Section 224 of the Act, the Company is required to have an Audit Committee. As at the date hereof, the members of the Audit Committee are Ronald Husband, Thomas Wharton and Stephen Kenwood. The also has a Compensation Committee the members of which are Ronald Husband, Thomas Wharton and Stephen Kenwood.

The following table sets out the names of the nominees for election as directors, the province or state and the country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company, and the number of common shares of the Company or any of its subsidiaries beneficially owned by each, or controlled or directed, directly or indirectly, as at the date hereof.

<b>Name, Province or State and Country of Residence, and Office Held</b>	<b>Principal Occupation, Business or Employment<sup>(3)</sup></b>	<b>Period as a Director of the Company</b>	<b>Number of Shares <sup>(3)</sup></b>
Ronald Husband <sup>(1)(2)</sup> British Columbia, Canada Director	Independent Management Consultant	Since April 7, 2000	592,945
C.F. "Trey" Wasser III Texas, USA Director, President and CEO	President & CEO and Director of Ely Gold Royalties Inc.; Director of Taku Gold Corp.	Since June 1, 2010	1,177,215
Stephen Kenwood <sup>(1)</sup> British Columbia, Canada Director	President and Director of Majestic Gold Corp.	Since October 20, 2010	1,593,691
William Sheriff, Texas USA Director <sup>(2)</sup>	Executive Chairman of Golden Predator Mining Corp since April 2014; Chairman of enCore Energy Corp. since October 2009; CEO of Redtail Metals Corp. from October 2010 to April 2014; CEO of Silver Predator Corp. from May 2011 to February 2012; Chairman of Silver Predator Corp. from May 2006 to May 10, 2016; Chairman of Wolfpack Gold Corp. from February 2011 to May 2013; Chairman and CEO of Till Capital Ltd. from April 2014 to September 1, 2015; CEO of Americas Bullion Royalty Corp. from January 2009 to April 2014.	Since June 19, 2017	Nil
Thomas Wharton <sup>(1)(2)</sup> Nebraska, USA Director	Business Consultant	Since November 20, 2015	1,418,000

(1) Member of Audit Committee.

(2) Member of Compensation Committee.

(3) The information as to principal occupation, business or employment and shares beneficially owned or controlled by certain of the nominees is not within the knowledge of management and has been furnished by the respective nominees.

### ***Arrangements and Understandings***

None of the proposed nominees for election as a director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

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

None of the proposed nominees for election as a director of the Company:

- (a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
  - (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the ten years before the date of this Information 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.

***Penalties and Sanctions***

None of the proposed nominees for election as a director of the Company have been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The Board recommends that the shareholders vote “FOR” the election of management’s nominees as directors.

**Approval of Stock Option Plan**

Pursuant to TSXV Policy 4.4 – Incentive Stock Options, all TSXV listed companies are required to adopt a stock option plan. The Board of Directors of the Company established a “rolling” stock option plan (the “**Plan**”) reserving for issuance pursuant to the exercise of stock options that number of shares of the

Company that is equal to 10% of the issued shares of the Company at the time of any stock option grant. The TSXV requires all listed companies with a “rolling” plan to obtain shareholder approval of such plans annually. The Company most recently received shareholder approval of the Plan at its annual general meeting held on November 2, 2017.

A copy of the Plan is attached as Appendix B to the Information Circular for the Company’s June 27, 2013 annual general and special meeting, which is filed on SEDAR at [www.sedar.com](http://www.sedar.com), and is incorporated by reference into this Information Circular. A copy of the Plan will be available for viewing at the Meeting or shareholders may obtain a copy of the Plan from the Company prior to the Meeting, please see “Additional Information” below.

The Plan provides for the granting of options to directors, officers, employees and consultants (“**Eligible Persons**”) of the Company and its subsidiaries. The Plan was established to provide incentive to Eligible Persons to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Plan is administered by the directors of the Company. All options expire on a date determined by the Board, but in any event not later than ten years after the granting of such options.

The Plan authorizes the Board of Directors to grant stock options to Eligible Persons on the following essential terms:

1. The aggregate number of shares which may be issued pursuant to options granted under the Plan, unless otherwise approved by shareholders, may not exceed that number which is equal to 10% of the shares of the Company issued and outstanding on the relevant grant date.
2. The number of shares subject to each option will be determined by the Board of Directors, provided that the aggregate number of shares reserved for issuance pursuant to options granted to:
  - (a) any one individual during any 12 month period may not exceed 5% of the issued shares of the Company, unless the additional options are approved by majority of the votes cast by "disinterested shareholders" at a general meeting;
  - (b) any one Consultant during any 12 month period may not exceed 2% of the issued shares of the Company;
  - (c) any one Person employed to provide Investor Relations Activities during any 12 month period may not exceed 2% of the issued shares of the Company;

in each case calculated as at the date of grant of the option, including all other shares under option to such Person at that time.

3. The exercise price of an option may not be set at a price less than the closing market price of the Company’s shares on the trading day immediately preceding the date of grant of the option less a maximum discount of 25% as permitted by TSXV Policies.
4. Options shall be subject to an Exchange Hold Period in circumstances prescribed by TSXV Policies, and all option agreements relating to options which are subject to an Exchange Hold Period as defined in TSXV Policies, and certificates representing option shares issued pursuant to the exercise of such options prior to the expiry of such Exchange Hold Period, shall bear the Exchange Hold Period legend as well as any legends required by applicable laws.

5. Options may be exercisable for a period of up to 10 years and, in the case of Consultants who are engaged in Investor Relations Activities will vest as to 25% on each of the date of grant and three, six, and nine months after the date of grant.
6. The options are non-assignable, except in certain circumstances as permitted by TSXV Policies.
7. The options can only be exercised by the optionee as long as the optionee remains an Eligible Person pursuant to the Plan or within a reasonable period (set by the directors in each case) after ceasing to be an Eligible Person or, if the optionee dies, within one year from the date of the optionee's death.
8. On the occurrence of a takeover bid, issuer bid or going private transaction, the Board of Directors will have the right to accelerate the date on which any option becomes exercisable.

The TSXV requires that any proposed amendments to the Plan must be approved by the TSXV and, in some cases, by "disinterested shareholders" of the Company prior to becoming effective. If "disinterested shareholder approval" of an amendment to the Plan is required, the proposed plan must be approved by a majority of the votes cast by all shareholders at the relevant shareholders' meeting excluding votes attaching to shares beneficially owned by (i) insiders to whom options may be granted under the Plan; and associates of such insiders. No approval is being sought at the Meeting for any amendment to the Plan. Accordingly, there is no requirement for disinterested shareholder approval of the Plan.

Shareholders of the Company will be requested at the Meeting to pass an ordinary resolution in the following terms:

1. the Company's share option plan (the "**Plan**"), as described in the Information Circular of the Company dated May 16, 2018, be and is hereby ratified, confirmed and approved, subject to acceptance for filing thereof by the TSX Venture Exchange and with such changes as may be recommended by legal counsel or required or permitted by the TSX Venture Exchange or any other regulatory authority having jurisdiction;
2. the directors of the Company be and are hereby authorized to amend such provisions of the Plan as may from time to time be necessary for the Plan to comply with the Policies of the TSX Venture Exchange and to facilitate acceptance of filing thereof by the TSX Venture Exchange;
3. the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of common shares that is equal to 10% of the issued and outstanding capital of the Company at the time of the grant; and
4. any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in the opinion of such director or officer may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the approval of the Plan."

The Board recommends that the shareholders vote "FOR" approval and ratification of the Plan.

**If named as proxy holder, on any ballot, the management designees of Ely Gold named in the Proxy intend to vote the shares represented by each Proxy in respect of which they have been named proxy holder "FOR" approval and ratification of the Plan unless such Proxy specifies that the proxy holder is to vote "AGAINST" approval and ratification of the Plan.**

**OTHER BUSINESS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at its offices located at 2833 – 595 Burrard Street, Box 49195, Vancouver, B.C. V7X 1K8 or by telephone at 604-488-1104 to request copies of any documents referenced herein or of the Company's financial statements and MD&A. Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year.

DATED at Vancouver, British Columbia, this 16th day of May, 2018.

BY ORDER OF THE BOARD

*“Trey Wasser”*

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*C.F. “Trey” Wasser III*  
Chief Executive Officer, President and Director

## **SCHEDULE A**

### **ELY GOLD ROYALTIES INC. AUDIT COMMITTEE CHARTER**

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
  - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
  - (ii) the auditors report, if any, prepared in relation to those financial statements,
- (b) review the Company's annual and interim earnings press releases before the Company publicly discloses this information,
- (c) 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 and periodically assess the adequacy of those procedures,
- (d) recommend to the board of directors:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
  - (ii) the compensation of the external auditor,
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established,
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,
- (h) 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,

- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company, and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with Multilateral Instrument 52-109.

### **Composition of the Committee**

The committee will be composed of 3 directors from the Company's board of directors, a majority of whom will, to the extent practicable, be independent. Independence of members is defined under applicable legislation, but in general requires that a member have no direct or indirect relationship with the company which, in the view of the board of directors, could reasonably interfere with the exercise of a member's independent judgment. All members of the committee must be "financially literate", as defined under applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

### **Authority**

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors. The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

### **Reporting**

The reporting obligations of the committee will include:

- (a) reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors meeting; and
- (b) reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.