



**NOTICE OF MEETING**

**- and -**

**MANAGEMENT INFORMATION CIRCULAR**

**for the**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**of**

**DONNER METALS LTD.**

**to be held on**

**OCTOBER 2, 2014**

These materials are important and require your immediate attention. They require shareholders of Donner Metals Ltd. to make important decisions. If you are in doubt as to how to make your decisions, please contact your financial, legal or other professional advisors. If you have any questions or require additional information with regard to the procedures for voting or have questions regarding the transactions described in this Notice of Meeting and Management Information Circular, you are asked to contact Computershare Trust Company of Canada by Fax at (416) 263-9524 or 1-866-249-7775.



## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the annual general and special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of Donner Metals Ltd. (the “**Corporation**”) will be held at the offices of Osler, Hoskin & Harcourt LLP, 1000, De La Gauchetière Street West, Suite 2100, Montréal, Québec, H3B 4W5 at 10:30 a.m. (Eastern time) on Thursday, October 2, 2014, for the following purposes:

1. to receive the audited financial statements of the Corporation for the fiscal year ended February 28, 2014, together with the auditor’s report thereon;
2. to elect directors for the ensuing year;
3. to appoint PricewaterhouseCoopers LLP as the auditor for the Corporation and to authorize the directors to fix their remuneration;
4. to consider and, if deemed advisable, to adopt, with or without variation, a special resolution as set out in Appendix “A” to the accompanying management proxy circular (the “**Circular**”) to amend the Articles in order to allow the Board to appoint additional directors up to a maximum of one third of the number of directors elected at the previous meeting (the “**Special Resolution to Authorize Appointment of Additional Directors**”);
5. to consider and, if deemed advisable, to adopt, with or without variation, a special resolution as set out in Appendix “B” to the Circular approving a change of the name of the Corporation to Sphinx Resources Ltd. / Ressources Sphinx ltée (the “**Special Resolution Approving Name Change of the Corporation**”);
6. to consider and, if deemed advisable, to adopt, with or without variation, an ordinary resolution as set out in Appendix “C” to the Circular approving an advance notice by-law, as more particularly described in the Circular (the “**Ordinary Resolution to Approve the Advance Notice By-Law**”);
7. to consider, and if deemed advisable, to adopt, with or without variation, a resolution as set out in Appendix “D” to the Circular to issue up to a maximum of 2,556,538 Common Shares to the consulting corporations of certain former officers and directors of the Corporation to settle an aggregate of \$332,350 of debt of the Corporation (the “**Shares for Debt Resolution**”); and
8. to transact such further and other business as may properly be brought before the Meeting or any adjournment thereof.

In order for the Special Resolution to Authorize Appointment of Additional Directors and the Special Resolution Approving Name Change of the Corporation to be effective, the approval of not less than 66⅔% of the votes cast by the Shareholders present in person or represented by proxy at the Meeting must be obtained. In order to become effective, the Shares for Debt Resolution must be approved by more than 50% of the votes cast by the Shareholders present in person or represented by proxy at the Meeting, excluding the votes of Keats Consulting Inc., Elysian Enterprises Inc. and Zorayda Consulting Ltd. and any of their affiliates and associates (including Mr. Harvey Keats, Mr. David Patterson and Mr. Robin Adair). In order for the other resolutions to be effective (other than the election of the directors of the Corporation for the ensuing year and the appointment of the auditor for the Corporation), the approval of more than 50% of the votes cast by the Shareholders present in person or represented by proxy at the Meeting must be obtained.

Shareholders of record as of 5:00 p.m. (Eastern time) on August 5, 2014 are entitled to vote at the Meeting either in person or by proxy.

If you are a registered Shareholder and are unable to attend the Meeting in person, please date and execute the accompanying form of proxy and deposit it with Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, or by fax at (416) 263-9524 or 1-866-249-7775, not later than 5:00 p.m. (Eastern time), on September 30, 2014, or not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date of any adjournment or postponement of the Meeting.

If you are a non-registered Shareholder and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by such broker or other intermediary.

**DATED** at Montréal, Québec, the 8<sup>th</sup> day of September 2014.

**BY ORDER OF THE BOARD OF DIRECTORS OF THE CORPORATION**

*(s) Normand Champigny* \_\_\_\_\_

Normand Champigny

President and Chief Executive Officer



## MANAGEMENT INFORMATION CIRCULAR

### FOR THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 2, 2014

This information is given as of September 8, 2014, unless otherwise noted.

*All currency references are expressed in Canadian Dollars unless otherwise specified.*

#### SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of Donner Metals Ltd. (the “**Corporation**”) for use at the annual general and special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of common shares of the Corporation (the “**Common Shares**”), to be held on Thursday, October 2, 2014, at the time and location and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

#### PERSONS OR COMPANIES MAKING THE SOLICITATION

**The enclosed instrument of proxy is solicited by Management of the Corporation.** Solicitations will be made by mail and possibly supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Corporation. In addition, the Corporation shall, upon request, reimburse brokerage firms and other custodians for their reasonable expenses in forwarding proxies and related material to beneficial owners of Common Shares.

The record date for determination of the Shareholders entitled to receive notice of, and to vote at, the Meeting is August 5, 2014 (the “**Record Date**”). Only Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date (the “**Registered Shareholders**”) will be entitled to receive notice of, and to vote at, the Meeting.

#### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying instrument of proxy are directors or officers of the Corporation. Only Registered Shareholders will receive a form of proxy. Non-registered Shareholders will receive a voting instruction form, as further discussed under the heading “**Non-Registered Shareholders**” below.

**A Registered Shareholder has the right to appoint a person to attend and act on his, her or its behalf at the Meeting other than the persons named in the enclosed instrument of proxy, should he, she or it chooses to do so. To exercise this right, the Registered Shareholder shall strike out the names of the persons named in the form of proxy and insert the name of his, her or its appointee in the blank space provided, or complete another proxy. The completed proxy should be deposited with the Corporation’s Registrar and Transfer Agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, at least 48 hours before the time of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays.**

The proxy must be dated and signed by the Registered Shareholder or by his or her attorney in writing, or if the Registered Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

In addition to revocation in any other manner permitted by law, a Registered Shareholder may revoke a proxy by an instrument in writing executed by the Shareholder or by his or her attorney authorized in writing, or, if the Shareholder is a corporate entity, it must either be under its common seal, or signed by a duly authorized officer and deposited with the Corporation's Registrar and Transfer Agent, Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, or by Fax within North America at (416) 263-9524 or 1-866-249-7775, at any time up to and including the last day preceding the day of the Meeting or any adjournment thereof, excluding Saturdays, Sundays and holidays.

## NON-REGISTERED SHAREHOLDERS

Only Registered Shareholders or duly-appointed proxyholders are permitted to vote at the Meeting. Most Shareholders of the Corporation are "non-registered" shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. More particularly, a person is not a Registered Shareholder in respect of Common Shares which are held on behalf of that person (the "Non-Registered Shareholder") but which are registered either: (a) in the name of an intermediary (an "Intermediary") that the Non-Registered Shareholder deals with in respect of the Common Shares; or (b) in the name of a clearing agency of which the Intermediary is a participant. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms).

Non-Registered Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "NOBO's". Those Non-Registered Shareholders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as "OBO's".

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian Securities Administrators, the Corporation has elected to send the Notice of Meeting, this Circular and the form of proxy (collectively, the "Meeting Materials") directly to the NOBO's. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Meeting Materials sent to Non-Registered Shareholders who have not waived the right to receive them are accompanied by a request for voting instructions (a "VIF"). The VIF is used instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a Non-Registered Shareholder is able to instruct the Registered Shareholder how to vote on behalf of the Non-Registered Shareholder. VIFs, whether provided by the Corporation or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit Non-Registered Shareholders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on his, her or its behalf, the Non-Registered Shareholder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Shareholder or his, her or its nominee the right to attend and vote at the Meeting. **Non-Registered Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.**

All references to Shareholders in the Meeting Materials (including this Circular) are to Registered Shareholders, unless specifically stated otherwise.

## VOTING OF SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed instrument of proxy will vote the Common Shares in respect of which they are appointed and, where directions are given by the Shareholder in respect of voting for or against any resolution, the persons named in the enclosed instrument of proxy will do so in accordance with such direction.

**In the absence of any direction in the proxy, it is intended that such Common Shares will be voted in favour of the motions proposed to be made at the Meeting as stated under the headings in this Circular.** The enclosed instrument of proxy, when properly signed, confers discretionary authority with respect to amendments or variations to any matters, which may properly be brought before the Meeting. At the time of printing of this Circular, Management of the Corporation is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters, which are not now known to the Management, should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the nominee.

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

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

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

The Corporation is authorized to issue an unlimited number of Common Shares without par value. At the close of business on the Record Date, 16,027,183 Common Shares were issued and outstanding, each Common Share carrying the right to one vote. At a meeting of Shareholders of the Corporation, on a show of hands, every Shareholder present in person shall have one vote and on a poll, every Shareholder shall have one vote for each Common Share held.

Only Shareholders of record on the close of business on the Record Date, who either personally attend the Meeting or who complete and deliver a proxy in the manner and subject to the provisions set out under the heading "Appointment and Revocation of Proxies" will be entitled to have his, her or its Common Shares voted at the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Corporation, except as described below, no Shareholder owns or exercises control or direction over, directly or indirectly, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Corporation.

As at the Record Date, Leo Berezan beneficially owns 2,000,000 Common Shares, representing approximately 12.5% of the issued and outstanding Common Shares.

Management understands that while a majority of the Common Shares is registered in the name of CDS & Co., such shares are beneficially owned through various dealers and other Intermediaries on behalf of their clients and other parties. The names of the beneficial owners of such Common Shares are not known to the Corporation.

The above information was provided by Management of the Corporation and the Corporation's registrar and transfer agent as of the Record Date.

#### **INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS**

No amounts are owed to the Corporation by any directors or executive officers of the Corporation, proposed nominees for election as a director of the Corporation or associates of any such individual at any time since the beginning of the last completed financial year of the Corporation.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

In this section "**Named Executive Officer**" means (a) the Chief Executive Officer (or an individual who acted in a similar capacity) (the "**CEO**"), (b) the Chief Financial Officer (or an individual who acted in a similar capacity) (the "**CFO**"), (c) each of the Corporation's three other most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO (except those whose

total compensation does not exceed \$150,000), and (d) any additional individuals whose total compensation exceeded \$150,000 during the financial year ended February 28, 2014.

As at December 10, 2013, the Corporation had four Named Executive Officers, namely Harvey Keats, CEO; Normand Champigny, President and CFO; David Patterson, Executive Chairman; and Robin Adair, Vice President of Exploration.

Currently, the Corporation has two Named Executive Officers, namely Normand Champigny, President and CEO (as of December 10, 2013) and Ingrid Martin, CFO (effective April 30, 2014).

### **Compensation Discussion and Analysis**

During the financial year ended February 28, 2014, the Named Executive Officers were compensated for their services as executive officers of the Corporation. See “Summary Compensation Table” below for details of the total compensation received by the Name Executive Officers for the financial years ended February 28, 2014, February 28, 2013 and February 29, 2012.

Effective March 1, 2010, and as amended on February 28, 2012, the Corporation entered into management agreements with each of (i) Keats Consulting Inc. (“**Keats**”) (for the services of Mr. Keats as CEO of the Corporation), pursuant to which an annual amount of up to \$246,000 plus benefits are paid (pro-rated as to the time spent by Mr. Keats on Corporation business); (ii) Elysian Enterprises Inc. (“**Elysian**”) (for the services of Mr. Patterson as Executive Chairman of the Board of Directors of the Corporation (the “**Board**”)), pursuant to which an annual amount of \$240,000 plus benefits are paid; and (iii) Zorayda Consulting Ltd. (“**Zorayda**”), (for the services of Mr. Adair as Vice President Exploration of the Corporation) pursuant to which an annual amount of up to \$180,000 plus benefits are paid (pro-rated as to the time spent by Mr. Adair on Corporation business). The management agreement with Elysian was further amended to provide that the services of Mr. Patterson be paid directly to him.

Effective April 16, 2012, the Corporation entered into an employment agreement with Normand Champigny for his services as President of the Corporation, pursuant to which an annual amount of \$240,000 plus benefits are paid. On October 17, 2012, Normand Champigny was appointed CFO of the Corporation, which appointment did not result in any increase of his base compensation.

On November 12, 2013 and December 10, 2013 the agreements of Keats, Elysian, Zorayda and Normand Champigny were amended to waive termination and change of control provisions as well as cancelling of all stock options. The end of the term of the management agreements was agreed to be February 28, 2014. The parties agreed that amounts due under the agreements would be paid when the Corporation was in a position to pay those amounts. As at February 28, 2014, the Corporation owed \$124,000 to Keats, \$120,000 to Elysian, \$88,350 to Zorayda and \$60,000 to Normand Champigny (the \$60,000 owed to Normand Champigny was paid in full in March 2014).

#### *Normand Champigny Agreement*

Effective July 1, 2014, the Corporation entered into an employment agreement with Normand Champigny for his services as President and CEO of the Corporation, pursuant to which an annual amount of \$240,000 plus benefits are paid.

Normand Champigny shall be entitled to participate in any incentive programs for the Corporation’s executives, including, without limiting the generality of the foregoing, share option plans, share purchase plans, stock appreciation rights, profit-sharing or bonus plans. Any bonuses paid will generally be tied to performance of the Corporation, measured by the increased value of the Corporation or its assets, attributable to the efforts of the Named Executive Officer (either alone or in conjunction with others).

The Corporation may terminate the employment agreement without cause and Normand Champigny may terminate the employment agreement for “Good Cause”, in which in either event, the Corporation shall be obligated to pay Normand Champigny an amount of (i) \$240,000 or (ii) an amount of \$480,000 if the revenues of the Corporation (as stated in the Corporation’s audited financial statements) are a minimum of \$100 million in the preceding 12-month period prior to the termination date.

Notwithstanding any other provision in Normand Champigny's employment agreement, if within 12 months following a change of control of the Corporation (as defined below), Normand Champigny's employment is terminated by the Corporation without Good Cause or, in the event Normand Champigny terminates his employment agreement for Good Cause, he will receive as severance an amount of \$240,000. For the purposes of Normand Champigny's employment agreement, a "change of control" is defined as follows:

- (a) the acquisition, directly or indirectly, by any person or group of persons acting jointly or in concert, as such terms are defined in the *Securities Act* (Québec), of Common Shares which, when added to all other Common Shares held directly or indirectly by such person or persons acting jointly or in concert, constitutes for the first time in the aggregate 25% or more of the outstanding Common Shares and such shareholding exceeds the collective shareholding of the current directors of the Corporation, excluding any directors acting in concert with the acquiring party;
- (b) the removal, by extraordinary resolution of the Shareholders, of more than 51% of the then incumbent Board, or the election of a majority of the members of the Board to the Board who were not nominees of the incumbent Board at the time immediately preceding such election;
- (c) consummation of a sale of all or substantially all of the assets of the Corporation; or
- (d) the consummation of a reorganization, plan of arrangement, merger or other transaction which has substantially the same effect as (a) (b) or (c) above.

Notwithstanding the provisions set out above, in the event the Corporation sells all or substantially all of its assets, and Normand Champigny's employment is not terminated by the Corporation, Normand Champigny shall be entitled to a bonus commensurate with the value received by the Corporation, as determined by the Board.

#### *Ingrid Martin CPA inc. Agreement*

On March 20, 2014 the Corporation entered into a consulting agreement with Ingrid Martin CPA inc. ("IMCPA") pursuant to which IMCPA has agreed to provide, as an independent contractor, certain accounting, financial, administrative and secretarial services to the Corporation for a monthly fee based on certain agreed upon hourly rates for the services provided. The services to be provided by IMCPA include, among other things, preparing quarterly and annual financial statements and management's discussion and analysis, assisting the Corporation's auditors during audit of the annual financial statements, preparing tax returns, bookkeeping, filing continuous disclosure documents on SEDAR and providing general administration and secretarial services for the Corporation. The hourly rates charged by IMCPA for secretarial, administrative, financial and accounting services are consistent with industry standards.

During the term of the IMCPA agreement, Ingrid Martin, President of IMCPA has agreed to act as the CFO of the Corporation effective as of April 30, 2014.

Ingrid Martin shall be entitled to participate in any incentive programs for the Corporation's executives, including, without limiting the generality of the foregoing, share option plans, share purchase plans, stock appreciation rights, profit-sharing or bonus plans. Any bonuses paid will generally be tied to performance of the Corporation, measured by increased value of the Corporation or its assets, attributable to the efforts of the Named Executive Officer (either alone or in conjunction with others).

The Corporation will pay a lump sum equivalent to 4 months of consulting fees in the event one of the following conditions occurs:

- (a) change of control of the Corporation whereby, whether friendly or hostile, through takeover bid, private purchase, merger, amalgamation, corporate reorganization or any other form of business combination, more than 50% of the Corporation is acquired;
- (b) change of business of the Corporation whereby by a transaction or series of transactions which will redirect the Corporation's resources and which changes the nature of its business, for example, through the acquisition of an interest in another business which represents a material amount of the Corporation's market value, assets or operations, or which becomes the principal enterprise of the Corporation;
- (c) change of control of the Corporation which 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 the voting shares of the Corporation or resulting entity to affect materially the control of the Corporation or resulting entity, 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 the voting shares of the Corporation or resulting entity to affect materially the control of the Corporation or resulting entity; where such person or



combination of persons did not previously hold a sufficient number of voting shares to affect materially the control of the Corporation or resulting entity;

- (d) there occurs a change in the composition of the Board, which occurs at a single meeting of the Shareholders, or a succession of meetings of the Shareholders occurring within 6 months of one another, whereby such individuals who were members of the Board immediately prior to such meeting or succession of meetings cease to constitute a majority of the Board, as constituted immediately prior to such meeting or meetings, approving of such change;
- (e) a sale of substantially all the assets of the Corporation to another person. Person meaning any individual, corporation or other entity;
- (f) the Corporation materially alters the duties and responsibilities of IMCPA without its prior written consent;
- (g) the Corporation materially breaches the terms of the IMCPA agreement and the failure of the Corporation to cure such breach within thirty (30) days; or
- (h) discontinuance of the active operation of business of the Corporation or insolvency of the Corporation or the filing by or against the Corporation of a petition in bankruptcy or for reorganization or restructuring or pursuant to applicable insolvency or bankruptcy legislation.

#### *Base Compensation*

Each executive officer of the Corporation receives a base compensation, which constitutes the largest part of the executive officer's compensation package. Base compensation is recognition for discharging job responsibilities and reflects the executive officer's performance over time, as well as his or her particular experience and qualifications. The overall base compensation for each of Messrs. Keats, Champigny, Patterson and Adair is determined on the basis of particular experience and specific qualifications. More particularly as it relates to the financial year ended February 28, 2014, the base compensation for Mr. Champigny was determined on the basis of his knowledge of, and his unique experience in, the industry in general and more precisely of the mining community in the Province of Québec, where the Corporation's interests are currently located. In addition, the ability for the Corporation to implement its strategy in the short, mid and long-term is dependent upon its ability to recruit and retain highly-skilled management. The Corporation believes that in order to achieve such strategy, it needs to maintain a relatively-competitive base compensation structure *vis-à-vis* its peers.

#### *Compensation Committee*

Historically, responsibility for the review and determination of compensation of the Corporation's executive officers had been delegated to the Corporation's compensation committee (the "**Compensation Committee**"). For the financial year ended February 28, 2014, responsibility for the review and determination of compensation of the Corporation's executive officers has been assumed by the Board. The activities of the Compensation Committee resumed on March 1, 2014.

#### **Option-based Awards**

Shareholders have approved a stock option plan pursuant to which the Board may grant stock options to executive officers. The purpose of granting such options is to assist the Corporation in compensating, attracting, retaining and motivating its executive officers and to closely align the personal interests of such persons to that of the Shareholders. In determining the number of stock options to be granted to the executive officers of the Corporation, the Board and the Compensation Committee take into account the number of stock options, if any, previously granted to each executive officer and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange (the "**Exchange**" or the "**TSXV**"). For the financial year ended February 28, 2014, no stock options were granted.

In June 2014, the Board approved certain changes to the stock option plan, which were conditionally approved by the Exchange, subject to the filing with the Exchange of the final documentation. The reason for these changes were to maintain the incentives for a longer period considering the stability of the participants and the business model of the Corporation and also to incorporate the numerous amendments brought recently to the Exchange's policy relating to stock options. The following is a summary of the main changes to the stock option plan:

- The maximum number of common shares that can be issued upon exercise of stock options granted under the stock option plan is equal to 1,543,000 Common Shares;

- The option price shall not be less than the price on the Exchange on the close of the previous trading day, provided that certain conditions are met as defined in the stock option plan; and
- The changes include certain housekeeping amendments to update the stock option plan to current standards.

## Compensation Governance

Considering that the compensation package of the Corporation is composed mainly of the base compensation and stock options grants, neither the Board nor the Compensation Committee considers any specific risk associated with the compensation policies and practices of the Corporation. In the event the Corporation elects to include the achievement of performance goals in its compensation package, the Board and/or the Compensation Committee will then have to determine whether risks should be considered or not. Recently, the Corporation has made significant changes to its compensation practices and currently expects to make additional significant changes to its compensation policies and practices in the next financial year.

Directors, officers and employees of the Corporation are prohibited from hedging securities of the Corporation that they beneficially own, or over which they exercise control or direction, directly or indirectly, including trading in publicly traded options, puts, calls or other derivative instruments related to the Corporation's securities, if any.

## Summary Compensation Table

The following table sets forth all annual and long term compensation for services paid to or earned by the Named Executive Officers for the three most recently completed financial years ended February 28, 2014, February 28, 2013 and February 29, 2012.

Name and principal position	Year	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value <sup>(3)</sup> (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Harvey Keats CEO <sup>(4)</sup>	2014	-	-	-	-	-	-	261,000 <sup>(4)</sup>	261,000
	2013	-	-	-	-	-	-	308,500 <sup>(4)</sup>	308,500
	2012	-	-	440,184	-	-	-	237,725 <sup>(4)</sup>	677,909
Normand Champigny <sup>(5)</sup> President and CEO	2014	179,000	-	-	-	-	-	79,000 <sup>(6)</sup>	258,000
	2013	197,219	-	55,000	-	-	-	15,000 <sup>(6)</sup>	267,219
David Patterson Executive Chairman	2014	80,000	-	-	—	—	—	175,000 <sup>(7)(8)</sup>	255,000
	2013	290,000	—	—	—	—	—	15,000 <sup>(7)</sup>	305,000
	2012	—	—	440,184	—	—	—	274,000	714,184
Robin Adair Vice President of Exploration	2014	-	-	-	-	-	-	241,500 <sup>(9)</sup>	241,500
	2013	-	-	20,281	-	-	-	209,900 <sup>(9)</sup>	230,181
	2012	-	-	219,549	-	-	-	203,050 <sup>(9)</sup>	422,599

### Notes:

1. The Corporation does not have a share-based compensation plan.
2. This column does not reflect the current value of the stock options or the value, if any, that may be realized if and when the stock options are exercised. The Corporation calculated the fair value of the options by using the Black-Scholes option pricing model, the most widely-adopted and used option valuation method, calculated at the time of the grant, using the same assumptions used for determining the equity-based compensation expense with respect to options granted to executive officers of the Corporation presented in the Corporation's audited financial statements for the fiscal year ended February 28, 2014 in

accordance with generally accepted accounting principles. These assumptions are:

	2014	2013	2012
Risk-free interest rate.....	—	1.19%	2.2%
Expected life of options.....	—	1.0 year	3.0 years
Expected volatility.....	—	49.7%	90.3%
Dividend rate.....	—	—	—

No stock options were granted by the Corporation to the Named Executive Officers for the financial year ended February 28, 2014.

3. The Corporation does not have a retirement plan.
4. Paid to Keats, a company controlled by Harvey Keats, for management services and for geological and technical services. Harvey Keats ceased to be CEO on December 10, 2013.
5. Normand Champigny was appointed President of the Corporation on April 16, 2012 and as CEO and President on December 10, 2013. Normand Champigny was CFO from October 17, 2012 to April 30, 2014.
6. Paid to Champigny Barcelos & Associés Inc., a company controlled by Normand Champigny, for management services.
7. Paid to Knight Resources Inc., a company controlled by David Patterson, for management services, for \$15,000 in 2013 and \$15,000 in 2014. David Patterson ceased to be Chairman on December 10, 2013.
8. Paid to Elysian, a Patterson family company, for management services provided by David Patterson for \$160,000 in 2014.
9. Paid to Zorayda, a company controlled by Robin Adair, for management services and for geological and technical services. Robin Adair ceased to be Vice President of Exploration on October 1, 2013.

### Long Term Incentive Plan (LTIP) Awards

The Corporation does not have any long-term incentive plans and, except as disclosed above, no remuneration payments were made, directly or indirectly, by the Corporation to its Named Executive Officers during the year ended February 28, 2014.

An LTIP means “any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one fiscal year whether performance is measured by reference to financial performance of the Corporation or an affiliate or the price of the Common Shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units”.

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

The Corporation does not currently have a share-based awards program.

The Corporation currently has in place a stock option plan for the purpose of attracting and motivating directors, officers, employees and consultants of the Corporation and advancing the interests of the Corporation by affording such persons with the opportunity to acquire an equity interest in the Corporation through rights granted under the plan to purchase shares of the Corporation.

The following table discloses the particulars of the option-based awards granted to the Named Executive Officers under the Corporation’s stock option plan as at February 28, 2014:

Name	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
-	-	-	-	-

Note:

1. “In-the-money options” means the excess of the market value of the Common Shares on February 28, 2014 (\$0.175) over the exercise price of the options.

There were no repricings of stock options under the stock option plan or otherwise during the Corporation's completed financial year ended February 28, 2014 (\$0.175).

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

The value vested or earned during the most recently completed financial year with respect to incentive plan awards granted to Named Executive Officers are as follows:

<b>Name</b>	<b>Option-based awards – Value vested during the year<sup>(1)</sup> (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
-	-	-	-

Note:

1. Calculated as the difference between the market price of the underlying securities on the date of vesting and the exercise price of the options on the vesting date.

**Pension Plan Benefits**

The Corporation does not have any pension or retirement plan.

**Termination and Change of Control Benefits**

As at the end of the Corporation's most recently completed fiscal year, there were no compensatory plans, contracts or arrangements in place with any Named Executive Officer resulting from the resignation, retirement or any other termination of employment of the Named Executive Officer with the Corporation or from a change in control of the Corporation or a change in the Named Executive Officer's responsibilities following a change in control, where in respect of the Named Executive Officer the value of such compensation exceeds \$50,000.

On November 12, 2013 and December 10, 2013 the agreements of Keats, Elysian, Zorayda and Normand Champigny were amended to waive termination and change of control provisions as well as cancelling of all stock options. The end of the term of the management agreements was agreed to be February 28, 2014.

For additional information please refer to the section of this Circular entitled "*Compensation Discussion and Analysis - Normand Champigny Agreement*" and "*Compensation Discussion and Analysis - Ingrid Martin CPA inc. Agreement*".

**Compensation of Directors**

*Director Compensation Table*

Compensation for the Named Executive Officers who are also directors of the Corporation has been disclosed in the "Summary Compensation Table" above. For the financial year ended February 28, 2014, directors of the Corporation who were not executive officers were paid \$1,500 per month up to December 2013 and \$1,000 thereafter as fees for their roles as directors of the Corporation. The following table discloses the particulars of the compensation provided to the directors of the Corporation (not including the Named Executive Officers) for the financial year ended February 28, 2014 (such fees include fees paid to the directors for the participation as member of the special committee of the Board):

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards<sup>(1)</sup> (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Laurie Sadler	21,000 <sup>(2)</sup>	N/A	—	N/A	N/A	—	21,000

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Kerry Sparkes	22,000 <sup>(3)</sup>	N/A	—	N/A	N/A	—	22,000
Ken Thorsen	19,000 <sup>(4)</sup>	N/A	—	N/A	N/A	—	19,000
David A. Johnson	3,000	N/A	—	N/A	N/A	—	3,000

Notes:

- This column does not reflect the current value of the stock options or the value, if any, that may be realized if and when the stock options are exercised. The Corporation calculated the fair value of the options by using the Black-Scholes option pricing model, the most widely-adopted and used option valuation method, calculated at the time of the grant, using the same assumptions used for determining the equity-based compensation expense with respect to options granted to executive officers of the Corporation presented in the Corporation's audited financial statements for the fiscal year ended February 28, 2014 in accordance with generally accepted accounting principles. These assumptions are:

	2014
Risk-free interest rate .....	—
Expected life of options.....	—
Expected volatility.....	—
Dividend rate.....	—

No stock options were granted by the Corporation to the directors for the financial year ended February 28, 2014.

- Paid to Timeout Holdings Inc., a company controlled by Laurie Sadler.
- Paid to Sparkes Consulting Ltd., a company controlled by Kerry Sparkes.
- Paid to Thorsen Consulting Ltd., a company controlled by Ken Thorsen.

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

The following table discloses the particulars of the option-based awards granted to the directors (who are not Named Executive Officers) under the Corporation's stock option plan as at February 28, 2014.

Name	Number of securities underlying unexercised options <sup>(2)</sup>	Option exercise price <sup>(2)</sup> (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)
Laurie Sadler	10,000	18.00	March 3, 2014	—
Kerry Sparkes	10,000	18.00	March 3, 2014	—
Ken Thorsen	10,000	18.00	March 3, 2014	—

Note:

- "In-the-money options" means the excess of the market value of the Common Shares on February 28, 2014 (\$0.175) over the exercise price of the options.
- Taking into account the 60 to 1 share consolidation that occurred in December 2013.

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

The value vested or earned during the most recently completed financial year of incentive plan awards granted to directors of the Corporation who are not Named Executive Officers are as follows:

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
------	--	--	--

—	—	—	—
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Note:

1. Calculated as the difference between the market price of the underlying securities on the date of vesting and the exercise price of the options on the vesting date.

There were no re-pricings of stock options under the stock option plan or otherwise during the Corporation's completed financial year ended February 28, 2014.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

As of February 28, 2014, the Corporation's stock option plan was the only equity compensation plan under which securities were authorized for issuance. The following table sets forth information with respect to the Corporation's stock option plan as of February 28, 2014:

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	40,833	\$18.00	333,506
Equity compensation plans not approved by securityholders	-	-	679,657 <sup>(1)</sup>
<b>Total</b>	<b>40,833</b>	<b>\$18.00</b>	<b>1,013,163<sup>(1)</sup></b>

Note:

1. This figure is based on the total number of Common Shares authorized for issuance under the Corporation's stock option plan, less the number of stock options outstanding as of February 28, 2014. On February 5, 2014, the Corporation received conditional acceptance from the Exchange to amend its stock option plan in order to grant a total of 1,053,996 stock options. On July 21, 2014, the Corporation received conditional approval from the Exchange to further amend its stock option plan in order to grant a total of 1,543,000 stock options.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Corporation, no informed person or proposed director of the Corporation, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries other than as set out herein. The term "**informed person**" as defined in National Instrument 51-102 *Continuous Disclosure Obligations* means (a) a director or executive officer of the Corporation, (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation, and (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation.

### MANAGEMENT CONTRACTS

Except as otherwise disclosed in this Circular, management functions of the Corporation are generally performed by directors and executive officers of the Corporation and not, to any substantial degree, by any other person to whom the Corporation has contracted.

## DIRECTORS' AND OFFICERS' LIABILITY INSURANCE AND INDEMNIFICATION AGREEMENT

The Corporation maintains liability insurance for its directors and officers acting in their respective capacities. The policy contains standard industry exclusions, and no claims have been made thereunder to date. The premium is \$8,000 for coverage of up to \$5,000,000.

On July 1, 2014, indemnification agreements were concluded with the directors and officers. The Board has determined that the Corporation should act to assure the directors and officers of the Corporation are afforded reasonable protection through indemnification against certain risks arising out of service to, and activities on behalf of, the Corporation to the extent permitted by law.

## AUDIT COMMITTEE

Pursuant to corporate and securities laws, the Corporation is required to have an audit committee (the “**Audit Committee**”) comprised of at least three directors, the majority of whom must not be officers or employees of the Corporation.

The Corporation must also, pursuant to the provisions of National Instrument 52-110 *Audit Committees* (“**NI 52-110**”), have a written charter which sets out the duties and responsibilities of the Audit Committee. In providing the following disclosure, the Corporation is relying on the exemption provided under NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers.

### Audit Committee's Charter

#### *Mandate*

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting, and the Corporation's auditing, accounting and financial reporting processes. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Corporation's policies, procedures and practices at all levels. The Audit Committee's primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Corporation's financial reporting and internal control systems and review the Corporation's financial statements;
- review and appraise the performance of the Corporation's external auditors; and
- provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board.

#### *Composition*

The Audit Committee shall be comprised of at least three directors as determined by the Board, the majority of whom shall be free from any relationship that, in the opinion of the Board, would reasonably interfere with the exercise of his or her independent judgment as a member of the Audit Committee. At least one member of the Audit Committee should have accounting or related financial management expertise. All members of the Audit Committee that are not financially literate must work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee's charter (the “**Charter**”), the definition of “financially literate” is 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 presumably be expected to be raised by the Corporation's financial statements. The members of the Audit Committee shall be elected by the Board at its first meeting following the annual shareholders' meeting.

## *Meetings*

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

## *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Audit Committee shall:

### Documents/Reports Review

- (a) Review and update the Charter annually.
- (b) Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.
- (c) Confirm that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements.

### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Audit Committee as representatives of the shareholders of the Corporation.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Corporation, consistent with the Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board, take appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board the selection and compensation and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
- (g) Review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of fees paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Audit Committee by the Corporation and approved prior to the completion of the audit by the Audit Committee or by one or more members



of the Audit Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Audit Committee. Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval, such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

#### *Other*

Review any related-party transactions.

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

The following are the current members of the Audit Committee:

Normand Champigny	Not Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
David A. Johnson	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Kerry Sparkes	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

Note:

- 1. As defined by NI 52-110.

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

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

### ***Normand Champigny***

Normand Champigny has acted as a director, officer and audit committee member of junior public companies and non-profit organizations for several years. Prior thereto he held numerous senior positions with PricewaterhouseCoopers where he reviewed financial and technical information of mineral exploration and mining companies.

### ***David A. Johnson***

David A. Johnson has graduated from the Institute of Corporate Directors-Rotman School of Management Director's Education Program at the University of Toronto in April 2012 and was certified with an ICD.D designation in June 2012. Mr. Johnson also attended the Anti-Corruption & Bribery Compliance conference hosted by the Canadian Institute in January 2012. Mr. Johnson has been accepted to the Business Leadership Program for In-House Counsel offered jointly by the Rotman School of Management at the University of Toronto and the Canadian Corporate Counsel Association and Certified In-House Counsel (CIC.C) designation.

### ***Kerry Sparkes***

Kerry Sparkes is a registered professional geologist and holds an M.Sc in Geology from Memorial University in Newfoundland. He has over 25 years' experience in the mineral exploration business as both an exploration geologist and executive. His career has included the exploration, delineation and development of 2 major Canadian Deposits, both of which were the subject of takeovers. He has acted as a director, officer and audit committee member of junior companies and reviews financial information as part of his current professional activities.

### **Audit Committee Oversight**

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

### **Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation 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, other than the exemptions granted to venture issuers.

### **Pre-Approval Policies and Procedures**

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

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

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

<u>Financial Year</u>	<u>Audit Fees</u>	<u>Audit Related Fees<sup>(1)</sup></u>	<u>Tax Fees<sup>(2)</sup></u>	<u>All Other Fees<sup>(3)</sup></u>
2014	\$120,077	\$17,567	\$17,482	\$37,147
2013	\$63,060	\$1,795	\$31,204	-

Notes:

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

## **CORPORATE GOVERNANCE**

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders and other stakeholders of the Corporation, and takes into account the role of the individual

members of management who are appointed by the Board and who are charged with the day-to-day management of the Corporation. National Policy 58-201 *Corporate Governance Guidelines* (“**NP 58-201**”) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), the Corporation is required to disclose its corporate governance practices, as summarized below. The Board will monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

### **Board of Directors**

The Board is currently composed of three directors, namely Messrs. Normand Champigny, David A. Johnson, Kerry Sparkes. Three of the proposed nominees, namely Normand Champigny, David A. Johnson and Kerry Sparkes are current directors of the Corporation.

NP 58-201 suggests that the board of directors of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholding. Of the proposed nominees of the Corporation, Kerry Sparkes, David A. Johnson and John W. W. Hick are considered by the Board to be “independent” within the meaning of NI 58-101 and Normand Champigny and Ingrid Martin are management directors and accordingly are considered to be “non-independent”.

### **Directorships**

The following current directors of the Corporation are directors of other reporting issuers:

<b>Director</b>	<b>Other Reporting Issuer(s)</b>	<b>Name of Exchange or Market (if applicable)</b>
Kerry Sparkes	Red Mile Capital Corp.	TSX Venture Exchange

### **Orientation and Continuing Education**

Each new director is given an outline of the nature of the Corporation’s business, its corporate strategy, and current issues within the Corporation. New directors are also required to meet with management of the Corporation to discuss and better understand the Corporation’s business and are given the opportunity to meet with counsel to the Corporation to discuss their legal obligations as directors of the Corporation.

In addition, management of the Corporation takes steps to ensure that its directors and officers are continually updated as to the latest corporate and securities policies which may affect the directors, officers and committee members of the Corporation as a whole. The Corporation continually reviews the latest securities rules and policies and is on the mailing list of the Exchange to receive updates to any of those policies. Any such changes or new requirements are then brought to the attention of the Corporation’s directors either by way of director or committee meetings or by direct communications from management to the directors.

### **Ethical Business Conduct**

The Board has adopted a written Code of Ethical Conduct (the “**Code**”) for its directors, officers and employees. As one measure to ensure compliance with the Code, the Board has also established a Whistleblower Policy which details complaint procedure for financial concerns. The full text of these standards is available free of charge to any person upon request to the Corporation at 1, Place Ville-Marie, Suite 2001, Montréal, Québec, H3B 2C4 (Telephone: 514-286-1565).

In addition, as some of the directors of the Corporation also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the *Canada Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

### **Nomination of Directors**

The Corporation's management is continually in contact with individuals involved in the mineral exploration industry and public sector resource issuers. From these sources the Corporation has made numerous contacts and in the event that the Corporation were in a position to nominate any new directors, such individuals would be brought to the attention of the Board. The Corporation conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve.

### **Compensation**

The Compensation Committee has the responsibility for determining the compensation of the Corporation's President and Chief Executive Officer and does so with reference to industry standards and the Corporation's financial situation. The Compensation Committee has the responsibility for determining the compensation of the directors who currently are not compensated in their capacity as directors but do receive stock options.

### **Other Board Committees**

The Corporation currently has an Audit Committee and a Compensation Committee. Subsequent to the Corporation's completed financial year ended February 28, 2014, corporate governance matters have been managed by the Board.

### **Assessments**

As the Corporation is a venture issuer with limited administration resources, the Board works closely with management and, accordingly, is in a position to assess individual director's performance on an ongoing basis.

## PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING

### A. ELECTION OF DIRECTORS

Although Management is nominating five individuals to stand for election, the names of further nominees for directors may come from the floor at the Meeting.

Each director of the Corporation is elected annually and holds office until the next annual general meeting of the Shareholders unless that person ceases to be a director before then. In the absence of instructions to the contrary, the Common Shares represented by proxy will, on a poll, be voted for each of the nominees herein listed. **Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following table sets out the names of the persons to be nominated for election as directors, the positions and offices which they presently hold with the Corporation, their respective principal occupations or employments during the past five years if such nominee is not presently an elected director and the number of Common Shares which each beneficially owns, or over which control or direction is exercised, directly or indirectly, as of the date of this Circular:

Name and residence of proposed directors and present offices held with the Corporation	Date Elected or Appointed	Principal Occupation	Number of Common Shares <sup>(1)</sup>
<b>Normand Champigny</b> <sup>(2)</sup> Québec, Canada <i>President, Chief Executive Officer and Director</i>	October 17, 2012	President of the Corporation since April 2012, President and CFO of the Corporation from October 2012 to December 2013, and President and CEO since December 2013.	212,500
<b>Kerry Sparkes</b> <sup>(2)(3)</sup> Ontario, Canada <i>Director</i>	August 8, 2005	Geologist: Vice President, Geology, Franco Nevada Corporation.	100,000
<b>David A. Johnson</b> <sup>(2)(3)</sup> Québec, Canada <i>Director</i>	December 10, 2013	Lawyer; Corporate Secretary of Colt Resources Inc., a mining company, since December 2009 and Chief Legal Officer of Colt Resources Inc. since May 2010.	25,000
<b>John W. W. Hick</b> Ontario, Canada <i>Proposed Director</i>	-	Corporate Director; President and CEO of John W. W. Hick Consultants Inc.	-
<b>Ingrid Martin</b> Québec, Canada <i>Proposed Director</i>	-	CPA, CA; CFO of the Corporation since April 30, 2014.	100,417

Notes:

1. Information as to Common Shares beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the knowledge of the Corporation, has been furnished by the respective nominees individually.
2. Members of Audit Committee.
3. Members of the Compensation Committee

John W. W. Hick B.A., LL.B, has over 30 years' of experience in the mining industry in both senior management positions and as an independent director, during which he has spent the majority of his time based in Toronto, Canada. He is currently President and CEO of his own consulting company, John W. W. Hick Consultants Inc., and acts as an independent director of a number of TSX (or TSXV) listed companies. Previously, Mr. Hick has held either senior management and/or board positions with a number of publically listed Canadian mining companies, including Medoro Resources Ltd., Rio Narcea Gold Mines Ltd, Defiance Mining Corp., Geomaque Explorations Ltd., TVX Gold Inc., Rayrock Resources Inc. and Placer Dome Inc.

Ingrid Martin has worked since 2014 with several mining and exploration organizations in Quebec and has considerable expertise in finance and business acquisitions. From 2001 to 2004, as Molson Canada Regional Accounting Director, she worked on financial reporting, tax compliance and budget process. From 1993 to 2001, she worked at Unisource Canada, Inc., a national single-source distributor, holding several accounting and operational positions. Ingrid Martin holds a Bachelor in Business Management from HEC Montréal, Québec. She's a member of the Ordre des comptables professionnels agréés du Québec since 1990 and started her career working four years as external auditor at Price Waterhouse.

No proposed 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 Corporation acting solely in such capacity.

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 that, while that person was acting in that capacity,
  - (i) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in all cases that was in effect for a period of more than 30 consecutive days (an “**Order**”); or
  - (ii) was the subject to an Order that was issued after the proposed 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 Circular, or has been, within 10 years before the date of this Circular, a director or executive officer of any 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 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

No proposed director has been subject to:

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

with the following exceptions:

- (a) John W. W. Hick was, in 2008, a director and non-executive Chairman of the board of Tamaya Resources Limited (“**Tamaya**”), an Australian incorporated and Australian Stock Exchange (“**ASX**”) listed company, which made a Voluntary Appointment of an Administrator, Ernst & Young (Australia), as a result of becoming insolvent. The reasons for the insolvency are summarized in the Questionnaire and Report to the Administrators dated November 14, 2008, as filed with the ASX. As a result of the Voluntary Administration, effective upon the appointment of the Administrators on October 26, 2008, the appointed Administrators immediately assumed all legal powers, rights and obligations of the directors of Tamaya and the directors had no legal rights with respect to the administration or management of Tamaya or its assets.
- (b) Mr. Hick was also a director of Timminco Limited (“**Timminco**”) which was granted protection under the Companies Creditors Arrangement Act (“**CCAA**”) on January 3, 2012. As a result of the CCAA filing, the TSX delisted the company effective February 6, 2012. On August 17, 2012, with the approval of the judge

overseeing the CCAA process, a professional receiver was appointed to manage the voluntary bankruptcy and winding up of Timminco and all of the directors resigned effective that date.

**B. APPOINTMENT OF AUDITOR**

Since November 13, 2012, Price Waterhouse Coopers LLP, Chartered Accountants (“PwC”) has been the auditor of the Corporation. Management recommends the appointment of PwC as the auditor of the Corporation to hold office until the next annual general meeting of the Shareholders at remuneration to be fixed by the directors of the Corporation, and the persons named in the enclosed form of proxy intend to vote in favour of such re-appointment.

**C. AMENDMENT TO THE ARTICLES OF THE CORPORATION TO ALLOW THE APPOINTMENT OF ADDITIONAL DIRECTORS**

Section 106(8) of the *Canada Business Corporations Act* allows the Board to appoint additional directors during the year, up to a maximum of one third of the number of directors elected at the previous annual meeting, if the Corporation’s articles so provide. To be valid, an amendment to the articles of the Corporation must be authorized by resolution of the Board and by special resolution of the Shareholders. Such special resolution requires at least 66 2/3% of the votes cast by the Shareholders entitled to vote on the resolution. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass the Special Resolution to authorize Appointment of Additional Directors, the form of which is attached as Appendix “A” to this Circular.

On September 8, 2014, the Board approved a resolution allowing such amendment to be presented for approval to the shareholders of the Corporation. The Board believes that such provision will allow the Board to ensure better succession planning in cases where a director would communicate in advance his or her intention not to stand for re-election due to personal reasons or reaching the retirement age, or where the Board deems appropriate to add independent directors who would sit a committee of the Board or bring specific expertise to the Board. It is important to note that this amendment will currently allow the Board to appoint a maximum of **one** additional directors whose term will end at the end of the year during which they were appointed. To be re-elected, these directors shall be listed among the candidates standing for election at the annual meeting immediately following the end of their term.

**Accordingly, the Board unanimously recommends that the Shareholders vote IN FAVOUR of the Special Resolution to Authorize Appointment of Additional Directors. The Special Resolution to authorize Appointment of Additional Directors requires the approval of not less than 66 2/3% of the votes cast in order to be adopted.**

**Unless a Shareholder who has given a proxy has directed that its Common Shares be voted against the Special Resolution to authorize Appointment of Additional Directors, the persons named in the accompanying form of Proxy intend to vote IN FAVOUR of the Special Resolution to authorize Appointment of Additional Directors.**

**D. AMENDMENT TO ARTICLES TO CHANGE THE CORPORATE NAME TO SPHINX RESOURCES LTD. / RESSOURCES SPHINX LTÉE**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass the Special Resolution approving Name Change of the Corporation, the form of which is attached as Appendix “B” to this Circular, authorizing an amendment to the Articles to change the name of the Corporation from “Donner Metals Ltd.” to “Sphinx Resources Ltd”. The adoption of the Corporation’s new name, Sphinx Resources Ltd. / Ressources Sphinx Ltée, has been approved by the Board, subject to Shareholder approval.

**Accordingly, the Board unanimously recommends that the Shareholders vote IN FAVOUR of the Special Resolution Approving Name Change of the Corporation. The Special Resolution Approving Name Change of the Corporation requires the approval of not less than 66 2/3% of the votes cast in order to be adopted.**

**Unless a Shareholder who has given a proxy has directed that its Common Shares be voted against the Special Resolution Approving Name Change of the Corporation, the persons named in the accompanying form of proxy intend to vote IN FAVOUR of the Special Resolution Approving Name Change of the Corporation.**

**E. ADVANCE NOTICE BY-LAW**

The Board wished to adopt By-law 2014-1, the full text of which is reproduced in Exhibit “A” to this Circular (the “**Advance Notice By-Law**”), which requires that advance notice be given to the Corporation in circumstances where nominations of persons for election as a director of the Corporation are made by Shareholders other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the *Canada Business Corporations Act*, or (ii) a shareholder proposal made pursuant to the provisions of the *Canada Business Corporations Act*. At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass the Ordinary Resolution to Approve the Advance Notice By-Law, the full text of which is reproduced as Appendix “C” to this Circular.

Among other things, the Advance Notice By-Law sets a deadline by which Shareholders must submit a notice of director nominations to the Corporation prior to any annual or special meeting of Shareholders where directors are to be elected and furthermore sets forth the information that a Shareholder must include in the notice for it to be valid. This by-law will allow the Corporation to receive adequate prior notice of director nominations, as well as sufficient information on the nominees. As a result thereof, the Corporation will be able to evaluate the proposed nominees’ qualifications and suitability as directors. It will also facilitate an orderly and efficient meeting process.

In the case of an annual meeting of Shareholders, notice to the Corporation must be given no less than 30 nor more than 65 days prior to the date of the annual meeting provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be given no later than the close of business on the 10<sup>th</sup> day following such public announcement. In the case of a special meeting of Shareholders (which is not also an annual meeting), notice to the Corporation must be given no later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting was made.

**The Board considers the Advance Notice By-Law to be in the best interests of the Corporation and its Shareholders and accordingly, the Board unanimously recommends that Shareholders vote IN FAVOUR of the Ordinary Resolution to Approve the Advance Notice By-Law. The Ordinary Resolution to Approve the Advance Notice By-Law requires the approval of not less than a simple majority of the votes cast in order to be adopted.**

**Unless a Shareholder who has given a proxy has directed that its Common Shares be voted against the Ordinary Resolution to Approve the Advance Notice By-Law, the persons named in the accompanying form of proxy intend to vote IN FAVOUR of the Ordinary Resolution to Approve the Advance Notice By-Law.**

#### **F. COMMON SHARES FOR DEBT**

Until December 10, 2013, Keats Consulting Inc. (“**Keats**”) provided to the Corporation the services of Harvey Keats as Chief Executive Officer and director of the Corporation (Harvey Keats is the principal of Keats), Elysian Enterprises Inc. (“**Elysian**”) provided to the Corporation the services of David Patterson as Executive Chairman and director of the Corporation (David Patterson is the principal of Elysian), and Zorayda Consulting Ltd. (“**Zorayda**”) provided to the Corporation the services of Robin Adair as Vice President of Exploration of the Corporation (Robin Adair is the principal of Zorayda) (the services provided by Keats, Elysian and Zorayda are hereinafter collectively called the “Services”). For these Services rendered to the Corporation, Keats is owed \$124,000, Elysian is owed \$120,000 and Zorayda is owed \$88,350. In order to preserve its cash, the Corporation intends to settle the aggregate amount of \$332,350 currently owed to Keats, Elysian and Zorayda by issuing up to a maximum of 2,556,350 Common Shares of the Corporation at a price per share equal to the greater of (i) \$0.13 and (ii) the applicable Market Price (as such term is defined in the Corporation Finance Manual of the Exchange) on the date of the Meeting. The Exchange has conditionally approved the issuance of up to a maximum of 953,846 Common Shares to Keats, up to a maximum of 923,077 Common Shares to Elysian and up to a maximum of 679,615 Common Shares to Zorayda in respect of the amounts owed in respect of the Services. In the event the Market Price on the date of the Meeting is greater than \$0.13 per Common Share, the number of Common Shares issuable by the Corporation will be reduced proportionately to reflect this greater price.

A copy of the proposed resolution to approve the issuance of the Common Shares to Keats, Elysian and Zorayda to settle debt is set forth as Appendix “D” to this Circular (the “**Shares for Debt Resolution**”). Pursuant to the rules and policies of the Exchange, the Shares for Debt Resolution must receive disinterested shareholder approval. In order to become effective, the Shares for Debt Resolution must be approved by more than 50% of the votes cast by the Shareholders present in person or represented by proxy at the Meeting, excluding the votes of Keats, Elysian and Zorayda and any of their affiliates and associates (including Mr. Keats, Mr. Patterson and Mr. Adair).



Assuming the Shareholders approve the Shares for Debt Resolution and the maximum number of 2,556,538 Common Shares are issued by the Corporation pursuant to such Shares for Debt Resolution, Keats will hold directly or indirectly 957,547 Common Shares, or approximately 3.92% of the issued and outstanding Common Shares, Mr. Patterson will hold directly or indirectly 923,077 Common Shares, or approximately 3.78% of the issued and outstanding Common Shares, and Mr. Adair will hold directly or indirectly 829,965 Common Shares, or approximately 3.40% of the issued and outstanding Common Shares.

For additional information on the services and debt owed to Keats, Elysian and Zorayda, please refer to the section of this Circular entitled “*Statement of Executive Compensation – Compensation Discussion and Analysis*”.

**Accordingly, the Board unanimously recommends that the Shareholders vote IN FAVOUR of the Shares for Debt Resolution. The Shares for Debt Resolution requires the approval of more than 50% of the votes cast by the Shareholders present in person or represented by proxy at the Meeting, excluding the votes of Keats Consulting Inc., Elysian Enterprises Inc. and Zorayda Consulting Ltd. and any of their affiliates and associates (including Mr. Harvey Keats, Mr. David Patterson and Mr. Robin Adair).**

**Unless a Shareholder who has given a proxy has directed that its Common Shares be voted against the Shares for Debt Resolution, the persons named in the accompanying form of proxy intend to vote IN FAVOUR of the Shares for Debt Resolution.**

#### **OTHER MATTERS**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the instrument of proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting by proxy.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available under the Corporation’s profile on SEDAR at [www.sedar.com](http://www.sedar.com). The Corporation’s annual audited financial statements and management discussion and analysis (“**MD&A**”) for the fiscal year ended February 28, 2014 is available for review under the Corporation’s profile on SEDAR. A copy of these financial statements and MD&A have also been mailed out to those Shareholders who returned the Corporation’s Financial Statement Request Form provided with the Corporation’s 2013 annual general meeting material, in accordance with National Instrument 51-102 *Continuous Disclosure Obligations*. Shareholders may contact the Corporation to request copies of the financial statements and MD&A by: (i) mail to Corporation at 1, Place Ville-Marie, Suite 2001, Montréal, Québec, H3B 2C4 (Telephone: 514-286-1565).

#### **APPROVAL**

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

**DATED** at Montréal, Québec, the 8<sup>th</sup> day of September 2014.

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

(s) “*Normand Champigny*”

President and CEO

**APPENDIX "A"**

**SPECIAL RESOLUTION TO AUTHORIZE THE APPOINTMENT OF ADDITIONAL DIRECTORS**

**"BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS THAT:**

1. The articles of Donner Metals Ltd. (the "**Corporation**") be amended to add the following text:

"The directors may appoint one or more additional directors to hold office for a term expiring not later than the close of the next annual shareholders meeting, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual shareholders meeting."

2. Any director or officer of the Corporation is authorized and directed to take all such action and execute all such documents, including the execution and filing of articles of amendment, as such director or officer."

## APPENDIX “B”

### SPECIAL RESOLUTION AUTHORIZING NAME CHANGE OF THE CORPORATION

#### “BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS THAT:

1. The articles of Donner Metals Ltd. (the “**Corporation**”) be amended to change the name of the Corporation to Sphinx Resources Ltd. / Ressources Sphinx ltée (the “**Name Change**”).
2. Any director or officer of the Corporation be and each of them is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered all documents, including without limitation articles of amendment, and to take any action, which, in such director’s or officer’s own discretion, is necessary or desirable to give effect to this resolution.
3. Notwithstanding the approval of this special resolution by the shareholders of the Corporation, the directors of the Corporation, without further notice to, or approval of, the shareholders of the Corporation, may determine, in their sole discretion, not to proceed with the Name Change or may, and are authorized and empowered to, revoke this special resolution at any time prior to the issuance of a certificate of amendment giving effect to the Name Change.”

## APPENDIX “C”

### ORDINARY RESOLUTION TO APPROVE THE ADVANCE NOTICE BY-LAW

#### “BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE SHAREHOLDERS THAT:

1. The by-law relating to the advance notice requirements for the nomination of directors (the “**Advance Notice By-Law**”) of Donner Metals Ltd. (the “**Corporation**”), a copy of which is attached as Exhibit A of the management information circular of the Corporation dated September 8, 2014 (the “**Circular**”), the whole as further described in the Circular, be and is hereby approved.
2. Any director or officer of the Corporation be and each of them is hereby authorized and directed, for and in the name of and on behalf of the Corporation, to execute and deliver or cause to be executed and delivered all documents, and to take any action, which, in such director’s or officer’s own discretion, is necessary or desirable to give effect to this resolution.”

## APPENDIX “D”

### SHARES FOR DEBT RESOLUTION OF THE SHAREHOLDERS OF DONNER METALS LTD. (the “Corporation”)

Capitalized terms used but not defined herein shall have the same meanings attributed thereto in the management proxy circular of the Corporation dated September 8, 2014 (the “Circular”).

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

1. The issuance of (i) up to a maximum of 953,846 common shares of the Corporation to Keats, (ii) up to a maximum of 923,077 common shares of the Corporation to Elysian and (iii) up to a maximum of 679,615 common shares of the Corporation to Zorayda to settle outstanding debt of the Corporation in the aggregate amount of \$332,350 owed to Keats, Elysian and Zorayda be and are hereby approved.
2. Any one director or officer of the Corporation be and is hereby authorized and directed, for and on behalf of the Corporation, to do and perform all acts and things and to execute and deliver all documents, agreements, certificates, appointments and instruments, whether under the corporate seal of the Corporation or otherwise, and to take all such steps as may be necessary or advisable in order to give full effect to the foregoing resolutions, including without limitation, the obtaining of any necessary or advisable approvals, rulings or consents from, and the filing of any document with, any governmental or regulatory authority, the doing or performing of such acts and things, the execution and delivery of such documents, agreements, certificates, appointments or instruments and the taking of such steps to be conclusive evidence of such authority.”

**EXHIBIT “A”**  
**ADVANCE NOTICE BY-LAW**

**BY-LAW NO. 2014-1**

**A BY-LAW RELATING GENERALLY TO THE ADVANCE NOTICE REQUIREMENTS  
FOR THE NOMINATION OF DIRECTORS OF DONNER METALS LTD.  
(the “Corporation”)**

INTRODUCTION

The purpose of this advance notice by-law (the “**Advance Notice By-Law**”) is to establish the conditions and framework under which holders of record of common shares of the Corporation may exercise their right to submit director nominations by fixing a deadline by which such nominations must be submitted by a shareholder to the Corporation prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Corporation for the notice to be in proper form.

It is the position of the Corporation that this Advance Notice By-Law is beneficial to shareholders and other stakeholders of the Corporation.

NOMINATIONS OF DIRECTORS

1. Subject only to the *Canada Business Corporations Act* (the “**Act**”) and the articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board of directors of the Corporation (the “**Board**”) may be made at any annual meeting of shareholders or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors. Such nominations may be made in the following manner:
  - a. by or at the direction of the Board, including pursuant to a notice of meeting;
  - b. by or at the direction or request of one or more shareholders of the Corporation pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of meeting of the shareholders of the Corporation made in accordance with the provisions of the Act;  
or
  - c. by any person (a “**Nominating Shareholder**”): (A) who, at the close of business on the date of the giving of the notice provided below in this Advance Notice By-Law and on the record date for notice of such meeting, is entered in the securities register of the Corporation as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Advance Notice By-Law.
2. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the Corporate Secretary of the Corporation at the principal executive offices of the Corporation.

3. To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must be made:
  - a. in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided ,however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement (the "**Notice Date**") of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10th day following the Notice Date; and
  - b. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
  - c. In no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
4. To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Corporation must set forth:
  - a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below); and
  - b. as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws (as defined below).

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

5. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of this Advance Notice By-Law; provided, however, that nothing in this Advance Notice By-Law shall be deemed to preclude discussion by a shareholder (as distinct

from the nomination of directors) at a meeting of shareholders of the Corporation of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

6. For purposes of this Advance Notice By-Law:
  - a. “public announcement” shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com); and
  - b. “Applicable Securities Laws” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada.
7. Notwithstanding any other provision of this Advance Notice By-Law, notice given to the Corporate Secretary of the Corporation may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the Corporate Secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the aforesaid address) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary of the Corporation at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Montréal time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement in this Advance Notice By-Law.

Adopted by the Board September 8, 2014.

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