

# **DYNACOR GOLD MINES INC.**

## **Notice of Annual Meeting of Shareholders and Management Proxy Circular**

Dynacor Gold Mines Inc.'s Annual Meeting of shareholders will be held on Tuesday, June 11, 2019 at 10:00 a.m., at 1, Place Ville Marie, 40<sup>th</sup> Floor, Montréal, Québec H3B 4M4.

Shareholders may exercise their rights by attending the Meeting or by completing a Form of Proxy.

**YOUR VOTE AS A SHAREHOLDER IS IMPORTANT**

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## DYNACOR GOLD MINES INC.

### Notice of Annual Meeting of Shareholders and Availability of Meeting Materials

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**NOTICE IS HEREBY GIVEN THAT the annual meeting of the shareholders (the “Shareholders”) of Dynacor Gold Mines Inc. (the “Corporation”) will be held at 1, Place Ville Marie, 40<sup>th</sup> Floor, Montréal, Québec H3B 4M4, on Tuesday, June 11, 2019 at 10:00 a.m. (the “Meeting”), for the following purposes:**

1. to receive the financial statements of the Corporation for the financial year ended December 31, 2018 and the auditors' report thereon (collectively, the “**Financial Statements**”);
2. to elect the directors for the ensuing year;
3. to appoint the auditors and to authorize the directors to fix their remuneration;
4. to transact such other business as may properly be brought before the Meeting and at any adjournment thereof.

The management proxy circular (the “**Proxy Circular**”) and the form of proxy (the “**Form of Proxy**”) prepared in respect of the Meeting accompany this notice. The enclosed Proxy Circular contains supplementary information on matters to be discussed at the Meeting, as detailed below under the heading “Matters to be Acted Upon at the Meeting”, and is hereby deemed to be an integral part of this notice.

Pursuant to Canadian securities laws, we are no longer required to distribute physical copies of the meeting materials to our shareholders for the Meeting, namely the Proxy Circular and our management’s discussion and analysis for the financial year ended December 31, 2018 (the “**MD&A**”) and the Financial Statements (collectively, the “**Meeting Materials**”).

Instead, we are posting electronic versions of the Meeting Materials on a website for shareholder review, a process known as “notice and access”. Electronic copies may be accessed on our website at [www.dynacor.com](http://www.dynacor.com) or on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

Should you wish to receive paper copies of the Meeting Materials prior to the Meeting, or should you have any questions regarding the use of notice-and-access by the Corporation, please contact AST Trust Company (“**AST**”) at 1-800-387-0825 or the Corporation at 514-393-9000, or send an email to [teoli@dynacor.com](mailto:teoli@dynacor.com), and we will send them by postal delivery at no cost within three business days of your request. We must receive your request no later than 5:00 p.m., Montréal time, on June 1, 2019 to ensure you will receive paper copies in advance of the deadline to submit your vote.

Montréal, Québec, May 1, 2019.

**BY ORDER OF THE BOARD OF DIRECTORS**

*(s) Jean Martineau*

Jean Martineau, President and Chief Executive Officer

**IMPORTANT**

**Shareholders eligible to vote but unable to attend personally are requested to complete, sign and forthwith return to the Corporation the enclosed Form of Proxy in the envelope provided for that purpose.** Please note that said instrument of proxy will not be valid unless it is deposited at the offices of AST Trust Company, P.O. Box 721, Agincourt, Ontario, M1S 0A1, or faxed at 1-866-781-3111 (within North America) or 416-368-2502 (outside North America), or scan and email to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com), prior to 10:00 a.m. on June 10, 2019 or no less than 24 hours (excluding Saturdays, Sundays and holidays) prior to any adjournment of the Meeting, unless it is delivered to the Chairman of the Meeting at the Meeting, or any adjournment thereof. Holders of shares may also exercise their voting rights by calling the toll-free number 1-888-489-7352 or any other number indicated on the Form of Proxy or the voting instruction form, or by going to the following website: [www.astvotemyproxy.com](http://www.astvotemyproxy.com). For any additional information concerning this matter, please contact AST by calling at no charge at 1-800-387-0825 (within North America).

**The Corporation urges shareholders to review the Meeting Materials before voting.**

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## DYNACOR GOLD MINES INC.

### MANAGEMENT PROXY CIRCULAR

### ANNUAL MEETING OF SHAREHOLDERS

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**REGISTERED SHAREHOLDERS**

You will have received a Form of Proxy from the Corporation's transfer agent, AST Trust Company. Complete, sign and mail your Form of Proxy in the postage prepaid envelope provided or fax it to the number indicated on the form.

**NON-REGISTERED SHAREHOLDERS**

Your shares are held in the name of an intermediary (securities broker, trustee or other financial institution). You will have received a request for voting instructions from your broker. Follow the instructions on your Voting Instruction Form to vote by telephone, e-mail or fax, or complete, sign and mail the Voting Instruction Form in the postage prepaid envelope provided. **To vote in person at the Meeting, see the box on page 4 of the Proxy Circular.**

## PROXY VOTING

### Who is soliciting my proxy?

**The enclosed Form of Proxy is being solicited by the management of the Corporation** in connection with the annual meeting of shareholders to be held on June 11, 2019 and at every adjournment thereof, and the associated costs will be borne by the Corporation. The solicitation of proxies will be made by mail and by posting the Meeting Materials on our website at [www.dynacor.com/en/](http://www.dynacor.com/en/) and on our SEDAR profile at [www.sedar.com](http://www.sedar.com) pursuant to the notice-and-access. The solicitation of proxies may also be by telephone or other personal contact by directors of the Corporation, such directors receiving no compensation therefore. 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 shares of the Corporation.

### How do I vote?

If you are a registered shareholder, you may vote in person at the Meeting or you may sign the enclosed Form of Proxy appointing the named persons or some other person you choose, who need not be a shareholder, to represent you as proxyholder and vote your shares at the Meeting. Holders of shares may also exercise their voting rights by calling the toll-free number 1-888-489-7352 or any other number indicated on the Form of Proxy or the voting instruction form. If your shares are held in the name of an intermediary, please see the box on page 4 for voting instructions.

### What if I plan to attend the Meeting and vote in person?

If you are a registered shareholder and plan to attend the Meeting on June 11, 2019 and you wish to vote your shares in person at the Meeting, do not complete or return the Form of Proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, AST, upon arrival at the

Meeting. If your shares are held in the name of an intermediary, please see the box on page 4 for voting instructions.

### **What am I voting on?**

Shareholders will be asked to vote on the following matters:

1. the election of directors of the Corporation for the ensuing year;
2. the appointment of auditors of the Corporation and the authorization for the directors to fix their remuneration; and
3. any such other business as may properly be brought before the Meeting or at any adjournment thereof.

Please refer below to the heading “Matters to be Acted Upon at the Meeting”.

Other than as specifically discussed below under the heading “Matters to be Acted Upon at the Meeting”, no director, executive officer or proposed nominees for directorship, or any associate or affiliate of such persons has any interest, direct or indirect, in any matter to be acted upon at the Meeting, except that such persons may be directly involved in the normal business of the Meeting or the general affairs of the Corporation.

### **What if I sign the Form of Proxy enclosed with this Proxy Circular?**

Signing the enclosed Form of Proxy gives authority to Jean Martineau or Pierre Lépine, each of whom is a director of the Corporation, or to another person you have appointed, to vote your shares at the Meeting.

### **Can I appoint someone other than these directors to vote my shares?**

**Yes. Write the name of this person, who need not be a shareholder, in the blank space provided in the Form of Proxy.** It is important to ensure that any other person you appoint is attending the Meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should, upon arrival at the Meeting, present themselves to a representative of AST.

### **What do I do with my completed Form of Proxy?**

Return it to the Corporation's transfer agent, AST, by mail at P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax to 1-866-781-3111 within Canada and the United States or 416-368-2502 outside North America, or by e-mail to [proxyvote@astfinancial.com](mailto:proxyvote@astfinancial.com), **no later than 10:00 a.m. (Eastern Daylight Saving Time) on June 10, 2019**. This will ensure that your vote is recorded.

### **What is notice-and-access?**

The Corporation is using the “notice-and-access” system adopted by the Canadian Securities Administrators for the delivery of the Meeting Materials through the Corporation’s website. Under the notice-and-access system, the Corporation is no longer required to send physical copies of the Meeting Materials to its shareholders for the Meeting, namely the Proxy Circular, the MD&A and the Financial Statements. Instead, the Corporation is posting electronic versions of the Meeting Materials on its website at [www.dynacor.com/en/](http://www.dynacor.com/en/) or on the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com). This is in line with the Corporation’s commitment to environmental stewardship as it will reduce the cost and environmental

impact of producing and distributing paper copies of documents in very large quantities. It also provides shareholders with faster access to information about the Corporation.

The Corporation has mailed the notice of Meeting, and the Form of Proxy or voting instruction form to those shareholders who had previously been receiving a paper copy of the Meeting Materials. Shareholders have the ability to access the Meeting Materials on the Corporation's website at [www.dynacor.com/en/](http://www.dynacor.com/en/) or on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com). Shareholders may also request a paper copy of the Meeting Materials by calling AST at 1-800-387-0825 or the Corporation at 514-393-9000 or by sending an email to [teoli@dynacor.com](mailto:teoli@dynacor.com). To facilitate timely delivery in advance of the voting deadline, all requests for paper copies of the Meeting Materials must be received no later than 5:00 pm, Montréal time, on June 9, 2019.

**The Corporation urges shareholders to review this Proxy Circular before voting.**

**If I change my mind, can I take back my proxy once I have given it?**

Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered at the above-mentioned registered office of AST, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof, and upon either of such deposits the proxy is revoked.

**How will my shares be voted if I give my proxy?**

The persons named on the Form of Proxy must vote for or against or withhold from voting your shares in accordance with your directions, or you can let your proxyholder decide for you. **In the absence of such directions, proxies received by management will be voted in favour of the candidates nominated for election as directors of the Board (as defined hereinafter), the appointment of the auditors and for the adoption of the other items on the agenda, as the case may be,** as detailed below under the heading "Matters to be Acted Upon at the Meeting".

**What if amendments are made to these matters or if other matters are brought before the Meeting?**

The persons named in the Form of Proxy will have discretionary authority with respect to amendments or variations to matters identified in the enclosed Form of Proxy and with respect to other matters which may properly come before the Meeting. As of the time of printing of this Proxy Circular, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the Form of Proxy will vote on them in accordance with their best judgment.

**How many shares are entitled to vote?**

As of April 30, 2019 (the "**Record Date**"), there were 39,158,989 common shares of the Corporation (the "**Common Shares**") issued and outstanding, each of which is entitled to one vote at the Meeting. Only shareholders registered at the close of business on the Record Date are entitled to receive notice of and to vote at the Meeting unless after that date a shareholder of record transfers his shares and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns the shares, requests no later than 10 days before the Meeting that the transferee's name be included

on the list of shareholders entitled to vote, in which case such transferee is entitled to vote such shares at the Meeting.

### **Who counts the votes?**

The Corporation's transfer agent, AST, counts and tabulates the proxies. This is done independently of the Corporation to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

### **If I need to contact the transfer agent, how do I reach them?**

For general shareholder enquiries, you can contact the transfer agent:

by mail:

AST Trust Company  
PO BOX 700, STN B,  
Montréal, Québec  
H3B 3K3

or by telephone:

within Canada and the  
United States at 1-800-  
387-0825

or by fax:

within Canada and the  
United States at 1-888-  
249-6189

### **If my shares are not registered in my name but are held in the name of an intermediary (a bank, trust Corporation, securities broker, trustee or other), how do I vote my shares?**

In accordance with the requirements of *Regulation 54-101 respecting 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 Proxy Circular and the Form of Proxy directly to the "non-registered" shareholders (the "NOBOs"). The intermediaries are responsible for forwarding these documents to each NOBO who has objected to his intermediary disclosing ownership information about himself (the "OBO"), unless that OBO has waived the right to receive them.

There are two ways you can vote your shares held by your intermediary. As required by Canadian securities legislation, you will have received from your intermediary either a request for voting instructions or a form of proxy for the number of shares you hold. For your shares to be voted for you, please follow the voting instructions provided by your intermediary. Since the Corporation has limited access to the names of its NOBOs, if you attend the Meeting, the Corporation may have no record of your shareholdings or your entitlement to vote unless your intermediary has appointed you as proxyholder. Therefore, if you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or form of proxy and return same by following the instructions provided. Do not otherwise complete the form as your vote will be taken at the Meeting. Please register with the transfer agent, AST, upon arrival at the Meeting.

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

To the knowledge of the directors and executive officers of the Corporation, as at the Record Date, no person beneficially owns, or controls or directs, directly or indirectly, over voting securities carrying 10% or more of the voting rights attached to all Common Shares.

## CURRENCY

All currency figures in this Proxy Circular are in Canadian dollars, unless otherwise indicated.

## MATTERS TO BE ACTED UPON AT THE MEETING

### 1. ELECTION OF DIRECTORS

The Board of Directors of the Corporation (the “**Board**”) consists of seven members. At the Meeting, the persons named hereunder will be proposed for election as directors of the Corporation until the next annual meeting or until their respective successors are duly elected or appointed, unless their respective office is earlier vacated pursuant to the by-laws of the Corporation, subject to the power of the Board to appoint additional directors between annual meetings. **Except where authority to vote in favour of the election of directors is withheld, the persons designated in the accompanying Form of Proxy will vote the shares represented by such Form of Proxy FOR of the election of the persons named hereunder. This proposal requires the approval of a majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.** Management does not contemplate that any nominee will be unable or unwilling to serve as a director.

The table below indicates, for the candidates proposed for election as directors, their name, province of residence, position held with the Corporation, principal office presently held with the Corporation, the year they became directors and the committees of the Board of which they are member. The table also indicates whether the candidates are independent, their attendance at meetings, the number of shares of the Corporation with voting rights beneficially owned, or controlled or directed, directly or indirectly, by the candidates, and the number of stock options and deferred share units held by them (see section below under the heading “Compensation of Directors”).

The candidates themselves have provided the following information to the Corporation, which is up to date as of the date hereof.

<p><b>JEAN MARTINEAU</b> Québec, Canada</p> <p>Director since 2007 Not independent</p> <p>Common Shares:               864,846 Options:                           140,000 Deferred Share Units:        46,659</p> <p>Attendance at meetings: Board:                               7/7</p>	<p>Jean Martineau has been the President and Chief Executive Officer of the Corporation since the Corporation became listed on the TSX in October 2007. For more than 30 years, he has been involved in the Canadian mining industry as a director of exploration companies and as an investment broker. During the last 20 years he has focused on South America and has acquired an in-depth knowledge in the management of natural resource companies in South America. His Latin American expertise has been of prime importance in the development of the Corporation’s operations in Peru.</p>
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<p><b>PIERRE LÉPINE</b> Québec, Canada</p> <p>Director since 2014 and Chairman since 2017 Independent</p> <p>Common Shares: 69,500 Options: 37,500 Deferred Share Units: 44,401</p> <p>Attendance at meetings: Board: 7/7</p>	<p>Pierre Lépine is the Chairman of the Board of the Corporation. He is also President and co-founder of Groupe ABP and M&amp;A consultant.</p> <p>He also held the positions of Manager, Investment Private Placement at <i>Caisse de dépôt et placement du Québec</i> from 2006 to 2008 and Vice President Corporate Development at GL&amp;V Inc. from 1998 to 2005, where he was responsible for mergers and acquisitions. From 1996 to 1998, he was Vice-President Merger and Acquisition at National Bank Financial and from 1989 to 1996, assistant Vice-President, Corporate Finance at PricewaterhouseCoopers.</p> <p>Mr. Lépine holds a diploma in business administration and is a member of the Order of the Chartered Professional Accountants.</p>
<p><b>EDDY CANOVA</b> Québec, Canada</p> <p>Director since 2009 Independent</p> <p>Common Shares: 31,000 Options: 62,500 Deferred Share Units: 42,934</p> <p>Attendance at meetings: Board: 7/7 Environment and Social Responsibility: 1/1</p>	<p>Eddy Canova has 35 years' worldwide experience advancing mineral exploration projects to development stages. He is currently a consultant geologist out of his own firm Geoconsul Canova Inc. He was Senior Vice-President for Rogue Resources Inc., from November 2014 till August 2016. He is Exploration Manager for Oceanic Iron Ore Corp. since 2010. Mr. Canova has also held positions with Alexandria Minerals Corporation (Executive VP), Eastmain Resources, Bolivar Goldfields Ltd., Gold Reserve, Monarch Resources, GPR Ltd, Aunor Resources Inc., Uranerz Energy Corporation, Canadian Royalties Inc. and Admiral Bay Resources Inc.</p> <p>He is a certified professional geologist of Québec (OGQ).</p>
<p><b>ROGER DEMERS</b> Québec, Canada</p> <p>Director since 2009 Independent</p> <p>Common Shares: 65,600 Options: 87,500 Deferred Share Units: 42,934</p> <p>Attendance at meetings: Board: 7/7 Audit: 4/4 Governance, Nomination and Compensation: 5/5</p>	<p>Roger Demers is a corporate director.</p> <p>He has extensive expertise in the financial and public accounting sectors having contributed over 30 years as a partner at Raymond Chabot Grant Thornton (RCGT). He is also a certified corporate director "<i>Administrateur de sociétés certifié (ASC)</i>". He was also involved as a director of publicly traded companies and was director of Capital Regional et coopératif Desjardins from 2013 until 2018.</p> <p>He holds the title of "Fellow Chartered Professional Accountant" of the Order of Chartered Professional Accountants of Québec and is a member of the Canadian Institute of Chartered Accountants.</p> <p>Mr. Demers is Chairman of the Corporation's Audit Committee.</p>
<p><b>MARC DUCHESNE</b> Québec, Canada</p> <p>Director since 2015 Independent</p> <p>Common Shares: 36,600 Options: 25,000 Deferred Share Units: 38,183</p> <p>Attendance at meetings: Board: 7/7 Audit: 4/4 Governance, Nomination and Compensation: 5/5</p>	<p>Marc Duchesne holds a Bachelor of Business Administration, Majoring in Accounting from University of Sherbrooke, obtained in 1981. He is a member of the Order of the Chartered Professional Accountants.</p> <p>Since 2011, he has been a financial consultant. From 2006 to June 2011, he was Senior Vice-President of Finance for Consolidated Thompson Iron Mines Ltd.</p> <p>Mr. Duchesne is Chairman of the Corporation's Governance, Nomination and Compensation Committee.</p>
<p><b>REJEAN GOURDE</b> Québec, Canada</p> <p>Director since January 9, 2018</p>	<p>Réjean Gourde Eng. is a mining engineer graduated from Ecole Polytechnique of Montréal combining 40 years of experience in the mining industry. In 1987, after 12 years of work with Falconbridge and Ressources Aiguebelle, Mr. Gourde joined Cambior Inc., today known as IAMGold Corporation. He notably served as</p>

Independent		Senior VP of Guiana Shield division of Cambior in South America. Since 2007, he is an independent consultant for corporations with operations in North and South America and Africa. Since February 2017, Mr. Gourde is President & CEO of Reunion Gold Corporation.
Common Shares:	25,000	
Options:	25,000	
Deferred Share Units:	12,654	
Attendance at meetings:		
Board:	6/6	
Audit	2/2	
<b>ISABEL ROCHA</b> Québec, Canada		Isabel Rocha holds a Bachelor's degree in Chemical Engineering and MBA from the University of Carabobo (Venezuela) and a master in Environmental Sciences from the University of Québec at Montréal (UQAM) with over 30 years of diverse experience in Canada, Latin America, Europe and Asia in the fields of environment, environmental engineering, corporate social responsibility, environmental project management and business development.
Director since April 23, 2018		
Independent		
Common Shares:	3,425	
Options:	25,000	
Deferred Share Units:	8,999	Since 2016, she has been environmental consultant. From 2006 to 2016, she was Corporate Director and Environmental Advisor for GILDAN Activewear (Montréal).
Attendance at meetings:		
Board:	4/4	
Environment and Social Responsibility:	1/1	

As of the date hereof, the directors of the Corporation, as a group, beneficially own, or exercise control or direction, directly or indirectly, over 1,095,971 Common Shares, or 2.8% of the outstanding Common Shares.

### Policy on Majority Voting

The Board believes that each of its members should carry the confidence and support of the majority of shareholders and, consequently, adopted a majority voting policy.

In the event that a nominee director receives more WITHHELD than FOR votes, then the nominee will be considered not to have received your support, even though duly elected as a matter of corporate law. Such nominee shall forthwith submit to the Board his resignation. The Board will then assess all circumstances relating to this situation and, as the case may be, will accept or refuse the resignation of the nominee.

The Board will have 90 days from the date of the Meeting to issue a press release announcing the resignation of the nominee or explaining why the resignation has not been accepted. The Board may, at its discretion, fill the vacancy created by the resignation or otherwise act in accordance with applicable laws. This policy does not apply in any case where proxy material is circulated in support of one or more nominees who are not supported by the Board.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as otherwise indicated herein below, to the best of the Corporation's knowledge, after having made due inquiry, the Corporation confirms that no proposed director:

- (a) is, as at the date hereof, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Corporation, that:
  - (i) was subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while that proposed director was acting in that capacity;

- (ii) was subject to an event that occurred while that person was acting in that capacity, that resulted, after the proposed director ceased to be a director, chief executive officer or chief financial officer, in the company being the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company, including the Corporation, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date hereof, 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; and
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, nor has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Jean Martineau and Réjean Gourde were directors of Malaga Inc. (“**Malaga**”). In June 2013, Malaga filed a notice of intention to make a proposal pursuant to the provisions of Part III of the *Bankruptcy and Insolvency Act* (Canada). These proceedings had the effect of imposing an automatic stay of proceedings that protected Malaga and its assets from the claims of creditors and others while Malaga pursued its restructuring efforts. Malaga submitted a proposal dated October 4, 2013, to its creditors; such proposal was accepted by the creditors pursuant to a vote held on December 13, 2013 and approved by judgment of the Superior Court rendered on January 7, 2014.

## 2. APPOINTMENT OF AUDITORS

Shareholders are asked to vote for the appointment of Raymond Chabot Grant Thornton, LLP, as auditors of the Corporation for the current financial year to hold office until the next meeting of shareholders of the Corporation and to authorize the directors to establish the auditors’ remuneration.

Raymond Chabot Grant Thornton, LLP were initially appointed as auditors on May 3, 2011.

**The persons designated in the enclosed Form of Proxy intend to vote FOR the appointment of Raymond Chabot Grant Thornton, LLP, as auditors of the Corporation for the current financial year and FOR the authorization to the directors to establish the auditors’ remuneration. The proposal requires the approval of a majority of the votes cast by the holders of Common Shares present in person or represented by proxy at the Meeting.**

## 3. OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the notice of meeting. However, if any other matters which are not known to the

management should properly come before the Meeting, the accompanying Form of Proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## **EXECUTIVE COMPENSATION**

### **Governance, Nomination and Compensation Committee**

The Governance, Nomination and Compensation Committee (the “**Committee**”) is responsible for determining the conditions of employment and compensation of the Chief Executive Officer, making recommendations to the Board and reviewing the compensation of the other executive officers. The Board may also review from time to time other compensation issues within the Corporation in general, including the directors' compensation.

The Committee is comprised of Marc Duchesne (chairman) and Roger Demers, each of whom is independent. A description of the experience of each of such member that is relevant to his responsibilities is contained in this Proxy Circular under the heading “Matters to be Acted Upon at the Meeting – Election of Directors”. The Corporation considers that the public company board membership and management experience of the members of the Committee provide the members with appropriate experience and skills relevant to the responsibilities and ability to make decisions on the suitability of the Corporation’s compensation policy and practices. The Committee held five meetings during the financial year ended December 31, 2018.

Given the size of the Corporation and its relatively simple process to determine the compensation, neither the Committee nor the Board have considered the implications of the risks associated with the Corporation’s compensation policies and practices. Such risks, however, are mitigated by the Board’s active involvement at the strategic level of the Corporation’s businesses, including the ability of the Corporation to require reimbursement of annual and long-term incentive compensation paid to its current and former executive officers pursuant to its Clawback Policy (see section below under the heading “Incentive Compensation Clawback Policy”).

The Corporation’s policy on transactions on the securities of the Corporation prohibits Named Executive Officers (as defined hereafter) and directors to purchase derivative financial instruments such as forward contracts or equity swap or other financial instruments designed to hedge or offset a decrease in market value of our Common Shares.

### **Analysis of executive compensation**

The members of the Committee want to establish a coherent remuneration package for both the directors and officers which would be comparable to the market for similar companies. As part of determining Named Executive Officers compensation, the Committee retained the services of a consultant specialized in compensation, PCI - Perrault Conseil Inc. (“**PCI**”), who submitted a report to the Committee in August 2009 and which was updated in August 2013 and in August 2015.

The conclusions of the analyses done by the Committee are summarized under “Principal Conclusions of the Compensation Study for the Directors and Officers”.

The report of the consultant refers to a comparator group comprised of mining companies. This is refined by using companies in the gold sector and when possible having operations outside of Canada with a size comparable to the Corporation. In some instances, there were exceptions to include larger companies for

executive talent as well as considering the development potential of the Corporation. The compensation was compared to the companies of the first quartile.

The comparator group for the Named Executive Officers included:

Argonaut Gold Inc., Timmins Gold Corp., Orvana Minerals Corp., Banro Corporation, Gran Colombia Gold Corp., Amerigo Resources Ltd., Jaguar Mining Inc., Klondex Mines Ltd., Luna Gold Inc., Orosur Mining Inc., Caledonia Mining Corporation Plc, Great Panther Silver Limited and SilverCrest Mines Inc.

### ***Executive Compensation-Related and Other Fees***

The aggregate fees paid to PCI for services rendered during the last two financial years were \$1,575 in 2017 and nil in 2018. The Corporation did not retain the services of any other compensation consultant in 2017 and 2018.

### ***Objectives of executive compensation***

The Board ensures that the Corporation's compensation policies effectively attract and retain highly qualified and experienced executives and directors. All aspects of the remuneration package have the objective to motivate, stimulate and retain the service of the senior executives and directors with the Corporation. To this effect, the following elements must be taken into account:

- Rules of good governance to ensure that the actions taken, in context and out of context, are perceived as being honest, fair, ethical and equitable;
- Market comparable for positions with similar roles and responsibilities;
- Specifics and differences in the roles and responsibilities of the directors and officers, if any;
- The necessity to consider all factors of comparison that are measurable and non-measurable; and
- The limitations of using market data for comparison purposes.

In establishing and implementing policies covering base salaries, benefits, cash bonuses and stock options, the Board will continue to consider the recommendations of officers of the Corporation, but may from time to time refer to other comparable corporate situations and to the advice of independent consultants.

Base salaries are determined through analysis of salaries paid by comparable employers, as well as on the basis of individual performance as determined by the degree of achievement of business and operating goals.

The Corporation's compensation policy emphasizes competitive base salaries and bonus plan. Base salaries are set on the basis of comparative studies.

To further align the interests of management with those of the Corporation's shareholders, stock options are granted to admissible persons under the Stock Option Plan (as defined hereinafter), which is further described below under the heading "Stock Option Plan". Pursuant to the Stock Option Plan, optionees may acquire Common Shares at the fair market value on the date of the grant. The timing and number of options granted to executive directors and management are determined by the Board. Options are granted from time to time and expire up to ten years from the date of the grant. The number and terms of outstanding options are taken into account when determining whether and how many new option grants will be made. When determining individual option grants, the Board takes into consideration the job level

of optionees and the level of contribution these individuals make to the Corporation's financial performance. To achieve a balance while limiting shareholder dilution and to complement the existing Stock Option Plan, the Corporation adopted a DSU Plan (as defined hereinafter), which is further described below under the heading "Deferred Share Unit Plan".

### *Incentive Compensation Clawback Policy*

In November 2015, the Board approved a written policy on recovery of incentive compensation (the "**Clawback Policy**") which applies to the current or former executive officers of the Corporation (the "**Covered Executive officers**"). The Clawback Policy affects any annual incentives and long-term incentives with performance based features (including bonuses, stock options, DSUs (as defined hereinafter), performance shares or other equity based compensation) (collectively, the "**Incentive Compensation**") paid, granted, vested or accrued to Covered Executive officers after October 31, 2015.

In the event of a restatement of the reported financial or operating results of the Corporation due to material non-compliance with financial reporting requirements, the objectives of the Clawback Policy is to establish and reserve the right of the Corporation to require recovery of Incentive Compensation that would not otherwise have been paid if the correct Corporation performance data had been used to determine the amount payable.

In making its determination to seek recovery, the Committee shall consider such factors as it deems appropriate, including among other things, whether the Covered Executive officers has engaged in misconduct or negligent conduct that caused or contributed to the restatement of the Corporation's or segment's reported financial or operating results, and the amount of the overpayment.

The recovery period under the Clawback Policy expires at the end of the third financial year following the year for which the inaccurate performance criteria were reported.

### *Principal Conclusions of the Compensation Study for the Directors and Officers*

The study of the external consultant on the position of the total remuneration of the Named Executive Officers, namely the Chief Executive Officer and the Chief Financial Officer established that the remuneration policy of the Corporation is below the market in regards to the Chief Executive Officer and the Chief Financial Officer. The 2018 adjustments re-established the management salaries at comparable level with average peers market in 2015 dollars value.

Therefore, the Board has decided, for 2018, to increase the base salary of the Chief Executive Officer to \$335,000 per year, to grant him \$40,000 in DSUs to be granted in equal portions every semester and to establish its potential bonus to 0.9% of the 2018 net income. For the compensation of the Chief Financial Officer, the Corporation has decided, for 2018, to increase its base salary to \$242,000 per year and to grant him \$20,000 in DSUs, to be granted in equal portions every semester.

In addition, the updated study on the remuneration of directors of the Corporation revealed that their compensation was not competitive with that offered on the market. Director's compensation was compared to market data companies in the first quartile. A simulation of the total compensation of a director who is a member of a committee other than the Audit Committee showed a difference of about 25% compared to the market peers. The 2018 adjustment has re-established the director's compensation at comparable level with the average peers market in 2015 dollars value.

Based on these findings, in addition to 10,000 DSUs to be received in 2019, the cash compensation of directors for 2019 will be as follows:

- a) annual retainer of \$51,000 for the Chairman of the Board;
- b) annual retainer for non-employee directors of \$30,600;
- c) a per-meeting fee of \$1,000 for each meeting of the Board attended in person or \$600 for each meeting attended via telephone conference;
- d) an annual retainer of \$10,200 for the Chairman of the Audit Committee;
- e) the other Audit Committee members will receive an annual retainer of \$5,100 and a per-meeting fee of \$1,000 for each meeting of the Audit Committee attended or \$600 for each meeting attended via telephone conference;
- f) an annual retainer of \$5,100 to be paid to each non-employee director serving as chairman of another committee of the Board; and
- g) all other committee members are paid an annual retainer of \$3,500, as well as a per-meeting fee of \$1,000 for each meeting of the committee of the Board attended in person, or \$400 for each meeting attended via telephone conference.

***Remuneration policy for the Officers and Directors for 2018***

The remuneration policy of the Corporation includes the following:

1. Group Insurance policy:

In 2010, the Corporation put in place a group insurance policy for the benefit of the Corporation's employees which includes the Chief Executive Officer and Chief Financial Officer.

2. Salary/compensation of the Chief Executive Officer and Chief Financial Officer:

In 2018, the salary of the Chief Executive Officer was increased by 2.74% from \$365,000 to \$375,000 (including \$33,000 in cash and \$40,000 in DSU) and the salary of the Chief Financial Officer was increased by 2.75% from \$255,000 to \$262,000 (including \$242,000 in cash and \$20,000 in DSU).

3. Registered Retirement Savings Plan ("RRSP") for the Chief Executive Officer and Chief Financial Officer:

The Corporation is contributing to the RRSP of the Chief Executive Officer and Chief Financial Officer to an amount equal to the contribution made respectively by such executives, not to exceed 50% of the maximum annual limit prescribed by tax legislation. The Corporation's contribution can be re-evaluated in the future and increased accordingly.

4. Stock Option Plan and grant of stock options:

The Stock Option Plan has established a fixed number of stock options that can be granted. The number of stock options that can be granted corresponds to approximately 10% of the total Common Shares in circulation. This amount can be modified by the Board with the approval of the Toronto Stock Exchange (the "TSX").

The stock options may be exercised during a period determined by the Board, which may vary, but will not exceed ten years from the date of the grant. During 2018, 50,000 options were granted to Directors and 75,000 to employees.

5. DSU Plan (as defined hereinafter):

The number of Common Shares reserved for issuance under the DSU Plan is limited to 500,000. The maximum number of Common Shares which may be reserved for issuance to insiders under the DSU Plan and all other share compensation plans collectively shall be 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares which may be issued to insiders under the DSU Plan and all other share compensation plans collectively within a one-year period shall be 10% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis). Any increase in the Common Shares reserved under the DSU Plan shall be subject to the approval of the shareholders of the Corporation in accordance with the rules of the TSX. During 2018, 110,069 DSU were granted to Directors and Officers. No DSU were settled in 2018.

*Base Salary*

Base salaries are reassessed at the beginning of each financial year. The Committee makes recommendations for adjustments in the base salaries of the Named Executive Officers. The base salaries of the Named Executive Officers last year were as follows:

Name	Title	Base Annual Salary (\$)
Jean Martineau	President and Chief Executive Officer	375,000 (1)
Léonard Teoli	Vice-President and Chief Financial Officer	262,000 (2)
Jorge Luis Cardenas	Vice-President Operations	168,906

(1) Including \$40,000 in DSU;

(2) Including \$20,000 in DSU.

Properly structured base salaries enable the Corporation to attract and retain highly skilled and talented employees. The Corporation's base salary recognizes those employees who exceed expectations.

*Cash bonuses*

During the financial year ended on December 31, 2018, the following cash bonuses were paid to the Named Executive Officers:

Name	Title	Cash bonuses (\$)
Jean Martineau	President and Chief Executive Officer	43,624
Léonard Teoli	Vice-President and Chief Financial Officer	29,662
Jorge Luis Cardenas	Vice-President Operations	22,398 (1)

(1) Under Peruvian labour laws, the Corporation is required to distribute 8% of its annual taxable income before tax to employees for each of its Peruvian subsidiaries.

*Long-term incentive compensation*

The long-term incentive compensation provides an effective retention measure of key senior executives and directors. The establishment of a balance between short and long-term compensation is essential for the Corporation's sustained performance, including its ability to attract, motivate and retain a pool of talented executives and directors in a very competitive employment market. The Corporation has two long-term compensation plans: the Stock Option Plan and the DSU Plan.

The Stock Option Plan is for key employees, directors and officers, and encourages them to acquire shares of the Corporation's share capital, which increases their interest therein, motivates them to stay with the Corporation and its subsidiaries, and gives them an added incentive to make a greater personal effort on their own behalf. The Black-Scholes calculation method is used to determine the value of the stock options at the date of grant.

The president and chief executive officer makes suggestions to the Committee concerning the granting of options. Upon review of such suggestions, the Committee makes a proposal to the Board which may in turn approve as submitted, amend or reject the proposal. When suggestions for the grant of options are submitted, the Committee assesses the status of the reserve of stock options and the potential for dilution involved.

The DSU Plan is to promote a greater alignment of interests between directors, senior officers and shareholders of the Corporation. The DSU Plan is administered by the Board, which may grant awards from time to time to each eligible participant. Subject to the limitations set forth in the DSU Plan, the Board's authority includes: (a) determining the number of DSUs that will be awarded; (b) determining the terms and conditions of each award; and (c) specifying and approving the provisions of the payment delivered to a DSU Plan participant in connection with their account; whether it be in the form of Common Shares from treasury, Common Shares purchased on the TSX on behalf of such participants, or a combination thereof.

### **Pension plan and benefits**

The Corporation has in place a group insurance policy for the benefit of the key employees in Canada.

The Corporation has a RRSP for the Chief Executive Officer and Chief Financial Officer. Please refer to the above heading "Remuneration policy for the Directors and Officers for 2018".

### **Termination and change of control**

The Corporation has concluded employment agreements with the Named Executive Officers to provide a consistent and comprehensive framework of employment for each executive officer. These agreements cover the job description, obligations, aggregate compensation, as well as the clauses concerning termination of employment for cause, without cause, and in the event of a change of control. If the position of the President and Chief Executive Officer is terminated without cause or following a change of control, the Corporation will pay the President and Chief Executive Officer an amount equal to 24 months of his base salary. If the position of the Vice-President and Chief Financial Officer is terminated without cause or following a change of control, the Corporation will pay the Vice-President and Chief Financial Officer an amount equal to 12 months of his base salary.

The following table indicates the amounts that would be paid in the event that the employment of a Named Executive Officer is terminated without cause or following a change of control, as at December 31, 2018.

<b>Name</b>	<b>Title</b>	<b>Without Cause (\$)</b>	<b>Change of Control (\$)</b>
Jean Martineau	President and Chief Executive Officer	750,000 (1)	750,000 (1)
Léonard Teoli	Vice-President and Chief Financial Officer	262,000 (2)	262,000 (2)
Jorge Luis Cardenas	Vice-President Operations	---	---

(1) Including \$80,000 in DSU;

(2) Including \$20,000 in DSU.

## Summary Compensation Table

The table below sets forth certain information on the compensation paid to the president and chief executive officer and to the vice-president and chief financial officer that must be disclosed in accordance with the applicable securities regulations (the “**Named Executive Officers**”). “Named Executive Officers” means the following persons:

- (a) the Chief Executive Officer;
- (b) the Chief Financial Officer;
- (c) the Vice-President Operations;
- (d) each of the Corporation's three most highly compensated executive officers, other than the Chief Executive Officer and Chief Financial Officer, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonuses exceed \$150,000; and
- (e) any additional individuals for whom disclosure would have been provided under (c), except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year.

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 (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
					Annual Incentive Plan	Long-Term Incentive Plan			
Jean Martineau President and Chief Executive Officer	2018	335,000	40,000	--	43,624	--	--	13,115	431,739
	2017	325,000	40,000	--	64,469	--	--	13,005	442,474
	2016	300,000	--	--	36,858	--	--	12,465	349,323
Léonard Teoli Vice President, Finance and Chief Financial Officer	2018	242,000	20,000	--	29,662	--	--	13,115	304,777
	2017	235,000	20,000	--	54,800	--	--	13,005	322,505
	2016	225,000	--	--	36,316	--	--	12,465	273,781
Jorge Luis Cardenas, Vice President Operations	2018	168,906	--	--	22,398 <sup>(4)</sup>	--	--	--	191,304
	2017	209,262	--	--	28,758 <sup>(4)</sup>	--	--	--	238,020
	2016	207,791	--	--	30,386	--	--	--	238,177

Notes:

- (1) DSU (deferred share units) compensation value at the date of grant.
- (2) Based on the grant date fair value of stock options under the Stock Option Plan.
- (3) Contribution made by the Corporation to the RRSP of the Named Executive Officers.
- (4) Under Peruvian labor laws, the Corporation is required to distribute 8% of its annual taxable income before tax to employees for each of its Peruvian subsidiaries.

## Outstanding Option-Based Awards and Share-Based Awards at the End of the Financial Year 2018

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or Payout value of share-based awards that have not vested (\$)	Market or Payout value of vested share-based awards not paid out or distributed (\$)
Jean Martineau	70,000	2.18	06/22/2022	-	--	n/a	n/a
	70,000	1.78	08/08/2021	-	--	n/a	n/a
Léonard Teoli	60,000	2.18	06/22/2022	--	--	n/a	n/a
	75,000	1.56	08/12/2020	11,250	--	n/a	n/a
	60,000	0.64	08/09/2019	64,200	--	n/a	n/a
Jorge Luis Cardenas	50,000	2.18	06/22/2022	--	--	n/a	n/a

Note:

(1) On December 31, 2018, the closing price of the Common Shares was \$1.71.

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

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year (DSU) (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Jean Martineau	--	40,000	
Léonard Teoli	--	20,000	
Jorge Luis Cardenas	--		

Note:

(1) The value earned during the year is determined according to the closing price on the TSX on the day the options became exercisable, minus the amount to be paid by the Named Executive Officer for exercising his options.

A description of the Corporation's Stock Option Plan is provided under the following section entitled "Compensation of Directors".

## COMPENSATION OF DIRECTORS

During the 2018 financial year, non-employee directors of the Corporation were paid an annual retainer of \$30,000 (including \$5,000 in DSU) and a per-meeting fee of \$1,000 for each meeting of the Board attended or \$600 for each meeting attended via telephone conference. For the year 2018, the Chairman of the Board was paid an annual retainer of \$50,000 (including \$7,500 in DSU). The Chairman of the Audit Committee was paid an annual retainer of \$10,000 and all other members of the Audit Committee were paid an annual retainer of \$5,000 and a per-meeting fee of \$1,000 for each meeting of the Audit Committee attended or \$600 for each meeting attended via telephone conference. An annual retainer of \$5,000 was paid to each non-employee director serving as chairman on another committee of the Board and all other members were paid an annual retainer of \$3,450, as well as a per-meeting fee of \$1,000 for each meeting of the committee of the Board attended by him in person, or \$400 for each meeting attended via telephone conference.

In addition to stock options, non-employee directors of the Corporation each received 10,000 DSU's for 2018.

Prior to 2014, non-employee directors of the Corporation received 25,000 stock options annually and in 2014 this was reduced to 12,500 stock options annually. Since January 1, 2015, non-employee directors

do not automatically receive stock options. However, new Directors receive 25,000 options when they join the Board.

The table below indicates the components of the compensation paid to the directors in 2018.

### Director Compensation Table

Name <sup>(1)</sup>	Fees Earned (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Option-Based Awards <sup>(3)</sup> (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Eddy Canova	40,150	22,174	--	--	--	--	62,324
Roger Demers	54,000	22,174	--	--	--	--	76,174
Pierre Lépine	48,700	24,674	--	--	--	--	73,374
Marc Duchesne	50,550	22,174	--	--	--	--	72,724
Réjean Gourde	35,408	21,651	26,375				83,434
Isabel Rocha	24,739	14,816	29,535				69,090

Notes:

- (1) Jean Martineau is President and Chief Executive Officer of the Corporation and does not receive any director fees. Mr. Martineau's compensation is disclosed in the Summary Compensation Table and elsewhere in this Proxy Circular.
- (2) The value of the share-based awards reflects the fair value of the DSUs granted on the applicable dates of grant, which was June 19, 2018 and November 8, 2018. On these days, the fair value of the DSUs was \$1.87 and \$1.56 respectively.
- (3) For options granted on January 9, 2018 (\$1.67 fair value) and May 15, 2018 (\$1.87 fair value), the fair value per option was estimated using the Black-Scholes model with no expected dividend yield, an expected volatility of 65%, a risk-free interest rate of 1.60% and an expected life of options of seven years.

### Director Outstanding Option-Based Awards and Share-Based Awards at the End of the Financial Year

Name <sup>(1)</sup>	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(2)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or Payout value of vested share-based awards not paid out or distributed <sup>(2)</sup> (DSU) (\$)
Roger Demers	12,500	1.78	08/26/2021	-	n/a	n/a	73,417
	25,000	1.56	08/12/2020	3,750	n/a	n/a	
	25,000	0.60	06/05/2019	27,750	n/a	n/a	
Eddy Canova	12,500	1.78	08/26/2021	-	n/a	n/a	73,417
	25,000	1.56	08/12/2020	3,750	n/a	n/a	
Marc Duchesne	25,000	2.18	06/22/2022	-	n/a	n/a	65,292
Pierre Lépine	12,500	1.78	08/08/2021	-	n/a	n/a	75,926
	25,000	1.78	08/26/2021	-	n/a	n/a	
Réjean Gourde	25,000	1.60	08/13/2020	2,750	n/a	n/a	21,638
	25,000	1.67	01/19/2025	1,000	n/a	n/a	
Isabel Rocha	25,000	1.87	05/15/2025	-	n/a	n/a	15,388

Notes:

- (1) Jean Martineau is President and Chief Executive Officer of the Corporation and does not receive any director fees. Mr. Martineau's compensation is disclosed in the Summary Compensation Table and elsewhere in this Proxy Circular.
- (2) On December 31, 2018, the closing price of the Common Shares was \$1.71.

### Director Incentive Plan Awards – Value Vested or Earned During the Year

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$) <sup>(2)</sup>	Share-based awards – Value vested during the year (DSU) (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Eddy Canova	--	22,174	n/a
Roger Demers	--	22,174	n/a
Marc Duchesne	--	22,174	n/a
Pierre Lépine	--	24,674	n/a
Réjean Gourde <sup>(3)</sup>	26,375	21,651	n/a
Isabel Rocha <sup>(4)</sup>	29,535	14,816	n/a

Notes:

- (1) Jean Martineau is President and Chief Executive Officer of the Corporation and does not receive any director fees. Mr. Martineau's compensation is disclosed in the Summary Compensation Table and elsewhere in this Proxy Circular.
- (2) The value earned during the year is determined according to the closing price on the TSX on the day the options became exercisable, minus the amount to be paid by the director for exercising his options. Since the options granted to directors are fully vested at date of grant, there are no variance between the exercise price and the vesting date price.
- (3) Réjean Gourde was nominated on the board of directors on January 9, 2018.
- (4) Isabel Rocha was nominated on the board of directors on April 23, 2018.

### Stock Option Plan

On August 14, 2007, the Board approved the Stock Option Plan (the “**Stock Option Plan**”). The purpose of the Stock Option Plan is to advance the interests of the Corporation by encouraging the directors, officers, management, consultants and employees of the Corporation and its subsidiaries to acquire shares in the Corporation, thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and its subsidiaries and furnishing them with additional incentive in their efforts on behalf of the Corporation and its subsidiaries. Except for the DSU Plan, the Corporation has not established any other security-based compensation arrangements as of the date hereof.

Pursuant to the Stock Option Plan, options may be granted in favour of directors, officers, employees and consultants providing ongoing services to the Corporation.

The options granted under the Stock Option Plan, shall be exercised within a period of time fixed by the Board, not to exceed 10 years from the date the option is granted (the “**Option Period**”). The options shall vest and may be exercised during the Option Period in such manner as the Board may fix by resolution. The options which have vested may be exercised in whole or in part at any time and from time to time during the Option Period. No option may be exercised unless the participant is at the time of such exercise a director, officer, manager, consultant or employee of the Corporation or a subsidiary, except in the case of a consultant, where the option has been granted for a specific service, the option may be exercised only upon completion of that service.

The options granted to the directors may be exercised at the time they are granted.

The following table shows, as of May 1, 2019, aggregated information for the Corporation's Stock Option Plan, which is one of the two compensation plans under which equity securities of the Corporation are authorized for issuance.

### Equity Compensation Plan Information

Plan Category	Number of Common Shares to be Issued Upon Exercise of Outstanding Options	Weighted Average Exercise Price of Outstanding Options	Number of Common Shares Remaining Available for Future Issuance Under the Plan
Equity compensation plan of the Corporation approved by the shareholders	1,192,500	\$1.85	1,001,500
Equity compensation plan not approved by the Shareholders	N/A	N/A	N/A

Further to an amendment to the Stock Option Plan approved by the Board on June 17, 2011, the aggregate number of Common Shares to be delivered upon the exercise of all options granted under the Stock Option Plan was increased by 500,000 to be established at 3,500,000 and 1,000,000 options already granted and exercised were replenished. Further to a second amendment to the Stock Option Plan approved by the Board on August 12, 2013, 800,000 options already granted and exercised were replenished. Further to a third amendment to the Stock Option Plan approved by the Board on May 11, 2017, 920,000 options already granted and exercised were replenished.

As at May 1, 2019, the total number of Common Shares reserved for issuance under the Stock Option Plan was 3,500,000 and 1,192,500 options were outstanding (3.05% of the total number of the then Common Shares issued and outstanding). Such options had an exercise price ranging from \$0.60 to \$2.36 per share and an expiry date between June 2019 and March 2025.

To ensure that the Stock Option Plan complies with the rules of the TSX, a provision of the Stock Option Plan states as follows:

- (a) The number of shares which may be issued to insiders under all security based compensation arrangements may not exceed 10% of the total number of issued and outstanding Common Shares; and
- (b) The number of shares issued to insiders under all security based compensation arrangements during any one-year period may not exceed 10% of the total number of issued and outstanding Common Shares.

The number of shares subject to an option granted to a participant under the Stock Option Plan shall be determined in the resolution of the Board and no participant shall be granted an option which exceeds 5% of the issued and outstanding Common Shares at the time of granting of the option.

The exercise price of the options granted under the Stock Option Plan will be established by the Board subject to the rules of the regulatory authorities having jurisdiction over the securities of the Corporation. The exercise price at the time of the grant of the options shall not be less than the closing market price of the Common Shares listed on the TSX on the day prior to their grant.

If a participant to the Stock Options Plan shall cease to be a director, officer, manager, consultant or employee of the Corporation or a subsidiary for any reason (other than disability, retirement with the consent of the Corporation or death), the options granted to such participant may be exercised in whole or in part by the participant during a period commencing on the date of such cessation and ending 90 days thereafter or on the expiry date, whichever comes first. If a participant to the Stock Option Plan shall cease to be a director, officer, manager, consultant or employee of the Corporation or a subsidiary by reason of disability or retirement with the consent of the Corporation, the options granted to such

participant may be exercised in whole or in part by the participant, during a period commencing on the date of such termination and ending one year thereafter or on the expiry date, whichever comes first.

All benefits, rights and options accruing to any participant in accordance with the terms and conditions of the Stock Option Plan shall not be transferable. All options and such benefits and rights may only be exercised by the participant or eligible employee.

The Board may, without the approval of the shareholders of the Corporation but subject to receipt of requisite approval from the TSX, in its sole discretion make the following amendments to the Stock Option Plan:

- (a) any amendment of a housekeeping nature;
- (b) a change to the vesting provisions of an option or the Stock Option Plan;
- (c) a change to the termination provisions of an option or the Stock Option Plan which does not entail an extension beyond the original expiry date; and
- (d) the addition of cashless exercise feature, payable in cash or securities, which provides for a full deduction of the number of underlying securities from the Stock Option Plan reserve.

The Board may, with the requisite approval from the TSX and the shareholders shall be required for any of the following amendments to be made to the Stock Option Plan:

- (a) any amendment to the number of shares issuable under the Stock Option Plan, including an increase in the fixed maximum number of shares or a change from a fixed maximum number of shares to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by shareholders will not require additional shareholder approval;
- (b) a reduction in the option price (other than for standard anti-dilution purposes) held by or benefiting an insider;
- (c) an increase in the maximum number of shares that may be issued to insiders within any one year period or that are issuable to insiders at any time;
- (d) an extension of the term of an option held by or benefiting an insider;
- (e) any change to the definition of "Participant" included in the Stock Option Plan which would have the potential of broadening or increasing insider participation;
- (f) the addition of any form of financial assistance;
- (g) any amendment to a financial assistance provision which is more favourable to optionees;
- (h) the addition of a cashless exercise feature, payable in cash or securities, which does not provide for a full deduction of the number of underlying securities from the Stock Option Plan reserve;
- (i) the addition of a deferred or restricted share unit or any other provision which results in optionees receiving securities while no cash consideration is received by the Corporation; and

- (j) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding securities or may provide additional benefits to the participants of the Stock Option Plan, especially insiders, at the expense of the Corporation and its existing shareholders.

Under the Stock Option Plan, in the event that the outstanding shares of the Corporation are changed into or exchanged for a different number of kind of shares or other securities of the Corporation, or in the event that there is a reorganization, amalgamation, consolidation, subdivision, reclassification, dividend payable in capital stock or other change in capital stock of the Corporation, then each participant holding an option shall thereafter upon the exercise of the option granted to him, be entitled to receive, in lieu of the number of shares to which the participant was theretofore entitled upon such exercise, the kind and amount of shares or other securities or property which the participant would have been entitled to receive as a result of any such event if, on the effective date thereof, the participant had been the holder of the shares to which he was theretofore entitled upon such exercise.

In the event the Corporation proposes to amalgamate, merge or consolidate with any other Corporation (other than with a wholly-owned subsidiary of the Corporation) or to liquidate, dissolve or wind-up, or in the event an offer to purchase the shares of the Corporation or any part thereof shall be made to all holders of shares of the Corporation, the Corporation shall have the right, upon written notice thereof to each participant, to require the exercise of the option granted pursuant to the Stock Option Plan within the 30 day period next following the date of such notice and to determine that upon such 30 day period, all rights of the participant to exercise same (to the extent not theretofore exercised) shall ipso facto terminate and cease to have any further force or effect whatsoever.

Under the Stock Option Plan, in the event that the term of an option expires during such period of time during which insiders are prohibited from trading in shares as provided by the Corporation's insider trading policy, as it may be implemented and amended from time to time (the "**Blackout Period**") or within 10 business days thereafter, the option shall expire on the date that is 10 business days following the Blackout Period.

### **Deferred Share Unit Plan**

The Corporation's deferred share unit plan (the "**DSU Plan**") adopted by the Board in May 2015 was established to enhance the Corporation's ability to attract and retain talented individuals to serve as members of the Board or as officers of the Corporation and its subsidiaries and to promote for greater alignment of interests between such persons and the shareholders of the Corporation.

Deferred share units ("**DSUs**") are units that are credited to an eligible participant's account, the value of which, on a particular date, shall be equal to the fair market value of a Common Share for such date. The fair market value for a particular date is deemed to be the volume weighted average trading price of the Common Share on the TSX on the five trading days prior to such date. Under no circumstances shall DSUs be considered Common Shares nor shall they entitle any participant to exercise voting rights or any other rights attaching to the ownership or control of common shares, including, without limitation, rights on liquidation, nor shall any participant be considered the owner of any Common Shares to be delivered under the DSU Plan until the date of purchase or issuance of such Common Shares, as elected by the Board. The DSUs are then credited to the participant's account on the award date, unless a vesting schedule or performance criteria has been approved by the Board at its discretion.

The DSUs will be redeemed by a participant on up to two dates elected by such participant which are at least 60 days following the separation date or no later than December 15 of the calendar year following the calendar year in which the separation date occurs. The separation date is the earliest date on which all three of the following conditions are satisfied: (i) the participant ceases to be a director or senior officer of

the Corporation for any reason other than death; (ii) the participant is neither a director nor a senior officer of the Corporation; and (iii) the participant is no longer employed by the Corporation in any capacity.

In the event of the death of a participant, the Corporation will pay the DSUs credited to such participant's account within 15 days of the participant's death or by the last day of the calendar year commencing immediately after the participant's separation date if earlier, in each case to or for the benefit of the beneficiary of the participant. If the Participant filed an election of a redemption date prior to his death, the payment of the participant's DSUs shall be made within 15 days of the participant's elected redemption date.

The Board may, in its absolute discretion, elect one or any combination of the following payment methods for the DSUs credited to a participant's account on the participant's termination date: (a) issuing Common Shares to the participant or the participant's beneficiary, as the case may be; or (b) causing a broker to purchase shares on the TSX for the account of the participant or the participant's beneficiary, as the case may be.

The number of Common Shares which are reserved for issuance under the DSU Plan is limited to 500,000. The maximum number of Common Shares which may be reserved for issuance to insiders under the DSU Plan and all other share compensation plans collectively shall be 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares which may be issued to insiders under the DSU Plan and all other share compensation plans collectively within a one-year period shall be 10% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis). Any increase in the Common Shares reserved under the DSU Plan shall be subject to the approval of the shareholders of the Corporation in accordance with the rules of the TSX.

Where common shares are purchased on the TSX to be delivered to the participant, the Corporation will remit, in cash, to a broker, the product of (a) the number of DSUs credited to the participant's account as at the termination date which the participant has elected to have redeemed and (b) the fair market value on the redemption date, net of applicable withholding taxes, for the purpose of purchasing Common Shares on the TSX for the account of the participant. Common Shares purchased by the broker and any cash remaining from the amount remitted by the Corporation to purchase Common Shares shall then be delivered to the participant.

The DSU Plan may be amended, suspended or terminated in whole or in part at any time and for any reason by the Board, without prior notice to or approval by any participants or shareholders of the Corporation, provided that no such amendment, suspension or termination shall (i) unless required by law, adversely affect the rights of any participant with respect to DSUs to which the Participant is then entitled under the DSU Plan without the consent of the affected participant; or (ii) contravene applicable laws or regulations.

Shareholder approval will be required in the case of: (i) any amendment to the number of shares reserved for issuance under the DSU Plan; (ii) any amendment to the eligibility requirements for participating in the DSU Plan, where such amendment would have the potential of broadening or increasing the participation of insiders of the Corporation; (iii) the extension of any right of a participant under the DSU Plan beyond the date on which such right would originally have expired; and (iv) any amendment to the list of amendments requiring shareholders' approval.

In the event of any reorganization of the Corporation, the DSU Plan will be deemed to have been amended and the Board shall take all necessary action so as to make all necessary adjustments in the

number and kind of securities subject to any DSUs outstanding at the time of such reorganization and the exercise price thereof.

The rights or interests of a participant under the DSU Plan, including the DSUs, shall not be assignable or transferable, otherwise than in case of death, and such rights or interests shall not be encumbered by any means.

As of May 1, 2019, 270,094 DSUs were earned and outstanding.

### **Burn rate of the awards granted under the Stock option Plan and DSU Plan**

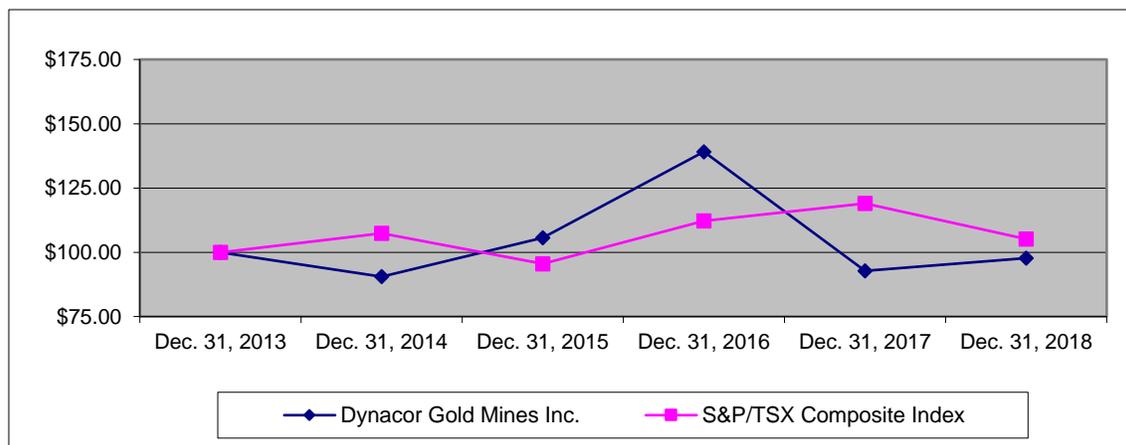
In accordance with the requirements of section 613 of the TSX Company Manual, the following table sets out the burn rate of awards granted under the Stock option Plan and DSU Plan as of the end of the financial year ended December 31, 2018 and for the two preceding financial years. The burn rate is calculated by dividing the number of awards granted under the relevant plan during the relevant fiscal year by the weighted average number of securities outstanding for the applicable fiscal year.

	Fiscal Year ended December 31, 2018	Fiscal Year ended December 31, 2017	Fiscal Year ended December 31, 2016
<b>Annual Burn Rate of the Stock Option Plan</b>	0.32	0.46	0
<b>Annual Burn Rate of the DSU Plan</b>	0.28	0.21	0.13

### **PERFORMANCE GRAPH**

The following performance graph shows a comparison between the cumulative return for a shareholder, assuming an investment of \$100 was made December 31, 2013 and the total cumulative return of the S&P/TSX Composite Index for the same period.

#### **Investment of \$100 on December 31, 2013 Dynacor Gold Mines Inc. – S&P/TSX**



	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018
Dynacor Gold Mines Inc.	\$100	\$90.50	\$105.59	\$139.11	\$92.74	\$97.77
S&P/TSX Composite Index	\$100	\$107.42	\$95.51	\$112.23	\$118.99	\$105.15

There is no direct correlation between the trend of the Corporation's stock performance evidenced by the table above and the Corporation's compensation to executive officers over the period of reference. The stock prices of mining corporations are very volatile and subject to market conditions.

Rather than being based on the performance of the Corporation's stock price and although the performance of the Corporation's stock price over the last five completed financial years has significantly exceeded the performance of the S&P/TSX Composite Index, the trend of the Corporation's compensation to executive officers has evolved positively to reflect the achievement of important projects to the Corporation and the Corporation's financial and operational performance.

### **Indebtedness of Directors and Executive Officers**

During the financial year ended December 31, 2018, at the exception of the indebtedness of the Corporation President and CEO which has obtained a loan of \$198,000 in January 2018 and has a remaining balance owed of \$18,119 at December 31, 2018, none of the other directors, executive officers or employees, or former directors, executive officers or employees of the Corporation or any of its subsidiaries, nor any proposed director or the Corporation or affiliate or associate of the foregoing, was indebted to the Corporation nor has the Corporation guaranteed or otherwise supported any indebtedness of any of the said parties during that period.

### **Interest of Informed Persons in Material Transactions**

To the knowledge of the Corporation, no informed person of the Corporation, any proposed director of the Corporation, or any associate or affiliate of said officials has had any material interest, direct or indirect, in a transaction having been concluded since the beginning of the most recently completed financial year of the Corporation or in a proposed transaction which has materially affected or would materially affect the Corporation or one of its subsidiaries.

### **Directors' and Officers' Liability Insurance**

The Corporation maintains directors' and officers' liability insurance on behalf of the directors and officers of the Corporation. For the financial year ended December 31, 2018, the maximum coverage was \$15,000,000, subject to a deductible of \$25,000 per loss. The current annual premium amounts to \$29,900.

## **AUDIT COMMITTEE INFORMATION**

Reference is made to Section entitled "Audit Committee Information" of the Corporation's Annual Information Form ("AIF"), dated March 28, 2019, that contains the information required by section 5.1 and Form 52-110F1 of Regulation 52-110 *respecting Audit Committees* ("**Regulation 52-110**") of the Canadian Securities Administrators. The Corporation's AIF is available on SEDAR at [www.sedar.com](http://www.sedar.com) and a copy of same will be provided free of charge, upon request, to any shareholder of the Corporation.

### **Audit Committee Charter**

The Audit Committee has a formal charter, the text of which is attached to the AIF and available online on the Corporation's Corporate Information page at [www.dynacor.com](http://www.dynacor.com). The Audit Committee Charter sets out the mandate and responsibilities of the Audit Committee after careful consideration of Regulation 52-110 and other applicable policies.

## Composition of Audit Committee

Name	Independent	Financially Literate
Roger Demers (Chairman)	Yes	Yes
Marc Duchesne	Yes	Yes
Réjean Gourde	Yes	Yes

The Audit Committee is currently comprised of three directors all of whom are independent within the meaning of Regulation 52-110. All the members of the Committee are “financially literate” and have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

## Relevant Education and Experience

### Roger Demers

Roger Demers holds the designation FCPA (Fellow member of the Order of the Chartered Professional Accountants) and has extensive expertise in the financial and public accounting sectors having contributed over the last 30 years as a partner at Raymond Chabot Grant Thornton (RCGT). He is a certified corporate director “Administrateur de sociétés certifié (ASC)”. He was also involved in several Board of Directors of publicly traded companies and was Director the Capital Regional et coopératif Desjardins from 2013 until 2018.

### Marc Duchesne

Marc Duchesne holds a Bachelor of Business Administration, Majoring in Accounting from University of Sherbrooke, obtained in 1981. He is a member of the Order of the Chartered Professional Accountants. Since 2011, he has been a financial consultant. From 2006 to June 2011, he was senior vice president of Finance for Consolidated Thompson Iron Mines Ltd.

### Réjean Gourde

Mr. Réjean Gourde, P.Eng. (Québec), has been the Chief Executive Officer and President of Reunion Gold Corporation since February 9, 2017. Mr. Gourde has been an Independent Mining Consultant since 2007. From 2017, he worked on several projects in Africa and South America as technical advisor. He served as the Senior Vice President of Guiana Shield at Cambior Inc. (now known as IamGold) from 1994 to 2007. He served as Vice President of Operations at Aiguebelle Resources Inc. He has over 40 years of experience in the mining sector. He has been a Director of Radisson Mining Resources Inc. since March 4, 2016 and Reunion Gold Corporation since September 2011. Mr. Gourde holds a Degree in Mining Engineering from Ecole Polytechnique.

The Audit Committee meets as circumstances require or adopts written resolutions with respect to the Corporation's financial statements.

## Reliance on Certain Exemptions

At no time since the commencement of the Corporation's most recently completed financial year has the Corporation relied on exemptions in Section 2.4 of Regulation 52-110 (*De Minimis Non-Audit Services*) or any exemption, in whole or in part, provided by Parts 3 and 8 of Regulation 52-110.

### Audit Committee Oversight

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

### Pre-Approval Policies and Procedures

The Audit Committee approves the engagement terms for all audit and non-audit services to be provided by the Corporation's accountants before such services are provided to the Corporation or any of its subsidiaries.

### External Auditor Service Fees

The fees charged to the Corporation by its external auditors in each of the last two financial years are as follows:

	2018 Financial year	2017 Financial year
Audit Fee <sup>(1)</sup>	\$96,240	\$95,355
Audit-Related Fees	-	-
Tax Fees	-	-
All Other Fees	-	-
<b>Total</b>	\$96,240	\$95,355

Notes:

- (1) Include the aggregate fees billed by the Corporation's external auditors (Including US \$21,000) for audit services provided to the Corporation by a local peruvian audit firm, under the supervision of the Corporation's external auditors.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board considers good corporate governance to be important to the effective operations of the Corporation and to ensure that the Corporation is managed so as to enhance shareholder value. The Board is responsible for ensuring that the Corporation addresses all relevant corporate governance issues in compliance with the corporate governance guidelines set forth in Policy Statement 58-201 *to Corporate Governance Guidelines* of the Canadian Securities Administrators.

The Corporation's disclosure of corporate governance practices pursuant to Regulation 58-101 *respecting Disclosure of Corporate Governance Practices* is set out in Schedule A to this Proxy Circular in the form required by Form 58-101F1.

## ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.dynacor.com](http://www.dynacor.com). Financial information is provided in the Corporation's Financial Statements and MD&A for the year ended December 31, 2018, copy of which may be obtained on request to Jean Martineau, President and Chief Executive Officer of the Corporation at 625 René-Lévesque West Blvd., suite 1105 Montréal, Québec H3B 1R2. The Corporation may require the payment of a reasonable charge when the request is made by someone other than a shareholder.

**APPROVAL OF CIRCULAR**

The Board of the Corporation has approved the contents of the Proxy Circular and its sending to the shareholders.

Montréal, Québec, May 1, 2019.

**DYNACOR GOLD MINES INC.**

Per: *(s) Jean Martineau*  
Jean Martineau, President and Chief Executive Officer

## SCHEDULE A

### STATEMENT OF CORPORATE GOVERNANCE PRACTICES DYNACOR GOLD MINES INC. (the “Corporation”)

The Corporation seeks to attain high standards of corporate governance. The Board of Directors of the Corporation (the “**Board**”) has carefully considered the Corporate Governance Guidelines set forth in Policy Statement 58-201 *to Corporate Governance Guideline*. A description of the Corporation’s corporate governance practices is set out below in response to the requirements of Regulation 58-101 *respecting Disclosure of Corporate Governance Practices* and in the form set forth in Form 58-101F1.

#### Form 58-101F1 - Corporate Governance Disclosure

#### The Corporation’s Practices

##### 1. Board of Directors

- (a) Disclose the identity of directors who are independent.

The Board is composed of seven members. Of those persons, Pierre Lépine, Eddy Canova, Roger Demers, Marc Duchesne, Réjean Gourde and Isabel Rocha are independent as defined in Regulation 52-110 *respecting Audit Committees*. They have no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

- (b) Disclose the identity of directors who are not independent, and describe the basis for that determination.

Jean Martineau is not independent, as he acts as President and Chief Executive Officer of the Corporation.

- (c) Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors (the Board) does to facilitate its exercise of independent judgement in carrying out its responsibilities.

The majority of the Corporation’s directors are independent.

- (d) If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

Jean Martineau is a director of TomaGold Corporation. And Argex Titanium Inc.

Eddy Canova is a director of Cassius Ventures Ltd.

Pierre Lépine is a director of TomaGold Corporation.

Réjean Gourde is a director of Reunion Gold Corporation and Radisson Mining Resources Inc.

**Form 58-101F1 - Corporate Governance Disclosure**
**The Corporation's Practices**

- (e) Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.
- (f) Disclosure whether or not the chairman of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the Board has neither a chair that is independent nor a lead director that is independent, describe what the Board does to provide leadership for its independent directors.
- (g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

From time to time, the independent directors have held private meetings after meetings of the Board. There were six meetings during the financial year.

The chair, Pierre Lépine, is independent. The chair provides an independent leadership to the Board with respect to corporate governance and to the performance of the responsibilities included in the mandate of the Board. The chair is also responsible of the management, the development and the efficient performance of the Board. He directs and guides the Board on all aspects of its mandate.

See the table under the heading "Election of Directors" of the Proxy Circular.

**2. Board Mandate**

- (a) Disclose the text of the Board's written mandate. If the Board does not have a written mandate, describe how the Board delineates its role and responsibilities.

The Board has ultimate responsibility for the management of the Corporation. It directs the business operations and the internal affairs of the Corporation. The Board, directly and through its Board committees and the Chairman of the Board, shall provide direction to the senior officers of the Corporation, generally through the President and Chief Executive Officer.

To perform its responsibilities effectively, the Board meets periodically (at least once per quarter) and the committees

**Form 58-101F1 - Corporate Governance  
Disclosure**
**The Corporation's Practices**

of the Board meet between these meetings, as needed.

The Board meets informally without the officers at the end of each meeting of the Board, or, when needed, at other specific times during the year.

**3. Position Descriptions**

- (a) Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.
- (b) Disclose whether or not the Board and Chief Executive Officer have developed a written position description for the Chief Executive Officer. If the Board and Chief Executive Officer have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the Chief Executive Officer.

There are written position descriptions for the Chairman of the Board and the Chair of each Board committee. The Chairman of the Board or of the Board committee is responsible for the management, development and effective performance of the Board or the Board committee. He directs and guides the committee on all aspects of its mandate and takes all reasonable measures to ensure that the committee fulfills its responsibilities.

The Board has drafted a job description for the Chief Executive Officer who is primarily responsible for the overall management of the business and affairs of the Corporation, including establishing the strategic and operational priorities of the Corporation and providing leadership for the effective overall management of the Corporation.

**4. Orientation and Continuing Education**

- (a) Briefly describe what measures the Board takes to orient new directors regarding
- (i) the role of the Board, its committees and its directors, and
  - (ii) the nature and operation of the issuer's business.

Orientation of directors is an ongoing matter. All newly elected directors shall be provided with an orientation as to the nature and operation of the business and affairs of the Corporation and as to the role of the Board and its committees. In addition, ongoing informal discussions between management and members of the Board are encouraged, and formal presentations by management throughout the year in addition to visits to the Corporation's operations are organized.

**Form 58-101F1 - Corporate Governance  
Disclosure**
**The Corporation's Practices**

- (b) Briefly describe what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.

Continuing education of directors is an ongoing matter. The Board encourages and provides opportunities for all directors to maintain or enhance their skills and abilities and to ensure that their knowledge and understanding of the Corporation's business remains current.

**5. Ethical Business Conduct**

- (a) Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:

At a meeting held on June 10, 2014, the Board adopted a written code to help its directors, officers and employees to take a consistent approach on key integrity issues.

- (i) disclose how a person or Corporation may obtain a copy of the code;

The code of conduct may be obtained upon written request to the secretary of the Corporation, at 625 René-Lévesque West Blvd., suite 1105, Montréal, Québec H3B 1R2 or by accessing the Corporation's Corporate Information online at [www.dynacor.com](http://www.dynacor.com).

- (ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and

The Board will have the responsibility of reviewing and monitoring the controls and procedures within the Corporation to maintain the integrity and accuracy of its financial reporting, internal controls and disclosure controls, and management information systems, and compliance with its code of conduct. The Corporation has also developed and implemented, and the Board has approved, various corporate policies including a trading restrictions policy and an environmental policy. The Corporation will periodically ask employees to acknowledge their commitment to the spirit and letter of the Corporation's code of conduct. A procedure has been put in place so that employees may raise an integrity concern by written or oral communications, and it may also be anonymous.

- (iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

N/A

**Form 58-101F1 - Corporate Governance  
Disclosure**
**The Corporation's Practices**

- (b) Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.
- (c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

In order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest, should it occur, the Board asks the director or executive officer interested in the transaction or agreement to withdraw during the discussions pertaining to such transaction or agreement.

Furthermore, the Corporation is committed to promote the highest standard of ethic and integrity in the pursuance of all of its activities. Full attendance to Board and committee meetings is expected.

**6. Nomination of Directors**

- (a) Describe the process by which the Board identifies new candidates for Board nomination.
- (b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the Board takes to encourage an objective nomination process.
- (c) If the Board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.

The nomination of new candidates for Board nomination is determined by discussions between members of the Board and management.

The Board has a Governance, Nomination and Compensation Committee composed entirely of independent directors.

The Governance, Nomination and Compensation Committee shall identify and make recommendations with respect to qualified candidates for nomination as directors. Proposed nominations are subject to review and approval from the Board.

**7. Compensation**

- (a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.
- (b) Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors,

See section under the heading "Analysis of executive compensation" of the Proxy Circular.

See section under the heading "Governance, Nomination and Compensation Committee" of the Proxy Circular.

**Form 58-101F1 - Corporate Governance Disclosure**
**The Corporation's Practices**

describe what steps the Board takes to ensure an objective process for determining such compensation.

- (c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

See section under the heading "Governance, Nomination and Compensation Committee" of the Proxy Circular.

**8. Other Board Committees**

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

Other than the Audit Committee and the Governance, Nomination and Compensation Committee, the Board has created the Environmental and Social Responsibility Committee.

The Environmental and Social Responsibility Committee is composed of Isabel Rocha and Eddy Canova. The Committee has assumed responsibility for reviewing and recommending to the Board changes in environmental policies and standards, reviewing such reports or other matters concerning environmental issues, as may be appropriate, and monitoring compliance with environmental policies and standards.

The Committee makes sure the Corporation meets or exceeds international standards in ethical, environmental and social practices.

**9. Assessments**

Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees, and its individual directors are performing effectively.

The directors, the Board and its committees are assessed on a continued basis by reviewing the attendance and performance.

The Board has not adopted a formal assessment process. However, discussions pertaining to (i) the efficiency of the Board and of its committees, and (ii) the participation and the input of the members thereto are held annually in lieu of a formal assessment.

**10. Director Term Limits and Other Mechanisms of Board Renewal**

Disclose whether or not the issuer has adopted term limits for the directors on its board or other mechanisms of board renewal and, if so, include a description of those director term limits or other mechanisms of board renewal. If the issuer has not adopted director term limits or other mechanisms of board renewal, disclose why it has not done so.

It is proposed that each of the persons elected as a director at the Meeting will serve until the close of the next annual meeting of the Corporation or until their respective successor is elected or appointed. The Board did not deem appropriate to adopt term limits for the mandates of its members as the Board believes that the renewal of a member's mandate is neither a matter of age nor the number of years the director has served on the board, but rather the director's contribution to the orientation, management, development, growth and profitability of the Corporation, in keeping with the highest standards of integrity.

**11. Policies Regarding the Representation of Women on the Board**

(a) Disclose whether the issuer has adopted a written policy relating to the identification and nomination of women directors. If the issuer has not adopted such a policy, disclose why it has not done so.

The Corporation has not adopted a written policy specifically relating to the identification and nomination of women directors, as the Corporation is not in a position to predict with assurance the Board's future turnover rate and needs in relation thereto. One woman currently sits on the Board; the Board is willing to increase the number of women directors on its Board as new positions are opened up. However, all the candidates must meet the leadership criteria, have the necessary skills and meet the independence criteria that the Board has fixed in order to contribute to the development of the Corporation.

(b) If an issuer has adopted a policy referred to in (a), disclose the following in respect of the policy:

N/A

(i) a short summary of its objectives and key provisions,

N/A

(ii) the measures taken to ensure that the policy has been effectively implemented,

N/A

(iii) annual and cumulative progress by the issuer in achieving the objectives of the policy, and

N/A

**Form 58-101F1 - Corporate Governance  
Disclosure**
**The Corporation's Practices**

(iv) whether and, if so, how the board or its nominating committee measures the effectiveness of the policy.

N/A

**12. Consideration of the Representation of Women in the Director Identification and Selection Process**

Disclose whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board. If the issuer does not consider the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board, disclose the issuer's reasons for not doing so.

In identifying and nominating candidates for election or re-election to the Board, the Board considers a number of factors, including the level of representation of women, to contribute to diversity within the Board. All nominations for a directorship will always be based on the expertise of the candidate, the needs of the Board and the Corporation at a given moment in time.

**13. Consideration Given to the Representation of Women in Executive Officer Appointments**

Disclose whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments. If the issuer does not consider the level of representation of women in executive officer positions when making executive officer appointments, disclose the issuer's reasons for not doing so.

The Corporation does consider the level of representation of women in executive officer positions in the context of new appointments by taking into consideration candidates' skills, functional experience, background, personal qualities and knowledge desired at that particular time.

**14. Issuer's Targets Regarding the Representation of Women on the Board and in Executive Officer Positions**

(a) For purposes of this item, a "target" means a number or percentage, or a range of numbers or percentages, adopted by the issuer of women on the issuer's board or in executive officer positions of the issuer by a specific date.

(b) Disclose whether the issuer has adopted a target regarding women on the issuer's board. If the issuer has not adopted a target, disclose why it has not done so.

The Corporation has not established a target regarding the representation of women on the Board, as the Corporation has determined that appropriate skills and experience must remain the primary criteria for nomination to the Board, and to guard against any perception that directors may

**Form 58-101F1 - Corporate Governance  
Disclosure**
**The Corporation's Practices**

have been nominated solely or primarily on the basis of gender.

(c) Disclose whether the issuer has adopted a target regarding women in executive officer positions of the issuer. If the issuer has not adopted a target, disclose why it has not done so.

The Corporation has not settled a target regarding the representation of women in executive officer positions. Given to the small size of its executive team, the Corporation believes that implementing targets would not be beneficial to its interests at this time.

(d) If the issuer has adopted a target referred to in either (b) or (c), disclose:

(i) the target, and

N/A

(ii) the annual and cumulative progress of the issuer in achieving the target.

N/A

**15. Number of Women on the Board and in Executive Officer Positions**

(a) Disclose the number and proportion (in percentage terms) of directors on the issuer's board who are women.

There is currently one woman acting as director of the Corporation, being 14.2% of the total.

(b) Disclose the number and proportion (in percentage terms) of executive officers of the issuer, including all major subsidiaries of the issuer, who are women.

There is currently no woman holding executive officer positions.