

# AURCANA CORPORATION

## ADVANCE NOTICE POLICY

### OBJECTIVE

This advance notice policy (the “**Policy**”) has been adopted by the board of directors of Aurcana Corporation (the “**Company**”) with a view to providing shareholders, directors and management of the Company with a fair and transparent procedure for nominating directors. This Policy establishes a deadline on or before which a holder(s) of record of the Company’s common shares must submit, in writing, director nominations to the Company prior to any annual or special meeting of shareholders and the information that such holder(s) must include with such nominations in order for any director nominee to be eligible for election at any annual or special meeting of shareholders.

By adopting this Policy, the Company seeks to: (i) establish an orderly and efficient process for electing directors at annual or, if applicable, special meetings of the Company; (ii) ensure all shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees to make an informed vote with respect to the election of directors after having been afforded reasonable time and information for appropriate deliberation; and (iii) avoid the potentially negative impact of a relatively small group of dissent shareholders taking control of the board of directors of the Company by way of a surprise proxy vote at an annual or special meeting without paying any premium for such control and without providing the remaining shareholders of the Company with the ability to evaluate and vote on any directors nominated by such dissent shareholders.

The Company believes this Policy is in the best interests of the Company, its shareholders and other stakeholders.

### DEFINITION

1. For purposes of this Policy:

- (a) “**Meeting**” shall mean any annual shareholders meeting or special shareholders meeting , whether general or not, at which one or more persons are nominated for election to the Board by a Nominating Shareholder;
- (b) “**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such laws and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission or similar securities regulatory authority of each province and territory of Canada;
- (c) “**Act**” means the *Canada Business Corporations Act*, as amended;
- (d) “**Board**” means the board of directors of the Company as constituted from time to time;
- (e) “**Nominating Shareholder**” has the meaning ascribed to such term in paragraph 2(c) below;
- (f) “**Public Announcement**” means disclosure in a press release reported by a national news dissemination service in Canada, or in a document publicly filed by the Company or its agents under its profile on the System of Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com); and

In this Policy, other words and phrases that are capitalized have the meaning assigned in this Policy.

## NOMINATION OF DIRECTORS

2. Subject only to the Act, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any Annual Meeting of Shareholders, or at any Special Meeting of Shareholders (but only if the election of directors is a matter specified in the notice of meeting given by or at the direction of the person calling such special meeting):
    - (a) by or at the direction of the Board, including pursuant to a notice of meeting;
    - (b) by or at the direction or request of one or more shareholders pursuant to a "proposal" made in accordance with provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
    - (c) by any person (a "**Nominating Shareholder**"):
      - (i) who, at the close of business on the date of the giving of the notice provided for below and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and
      - (ii) who complies with the notice procedures set forth in this Policy.
  3. In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, such person must have given (a) timely notice thereof in proper written form to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with paragraph 7 of this Policy. 4. A Nominating Shareholder's notice to the Corporate Secretary of the Company will be deemed to be timely if:
    - (a) in the case of an Annual Meeting of shareholders, such notice is made not less than 30 nor more than 65 days prior to the date of the Annual Meeting of shareholders; provided, however, that in the event that the Annual Meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first Public Announcement of the date of the Annual Meeting of shareholders was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
    - (b) in the case of a Special Meeting (which is not also an Annual Meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first Public Announcement of the date of the Special Meeting of shareholders was made.
- For greater certainty, the time periods for the giving of notice by a Nominating Shareholder as aforesaid shall, in all cases, be determined based on the original date of the applicable Annual Meeting or Special Meeting of shareholders, and in no event shall any adjournment or postponement of an Annual Meeting or Special Meeting or the announcement thereof commence a new time period for the giving of such notice.
5. A Nominating Shareholder's notice to the Corporate Secretary of the Company will be deemed to be in proper written form if:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director, such notice sets forth:
  - (i) the name, age, business address and residential address of the person;
  - (ii) the principal occupation or employment of the person;
  - (iii) the citizenship of such person;
  - (iv) a statement as to whether such person would be “independent” of the Company (within the meaning of sections 1.4 and 1.5 of National Instrument 52-110 – Audit Committees of the Canadian Securities Administrators, as such provisions may be amended from time to time) if elected as a director at such meeting and the reasons and basis for such determination;
  - (v) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and
  - (vi) any information relating to such Nominating Shareholder that would be required to be disclosed in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
- (b) as to the Nominating Shareholder giving the notice, such notice sets forth full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident’s proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws.

The Company shall have the right to require any proposed nominee for election as a director to furnish such additional information as may reasonably be requested by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder’s understanding of the independence, or lack thereof, of such proposed nominee.

- 6. No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Policy. Notwithstanding the foregoing, nothing contained in this Policy shall be deemed to restrict or preclude discussion by a shareholder (as distinct from the nomination of directors) at an Annual Meeting or Special Meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman. The Chairman of any Annual Meeting or Special Meeting shall have the power and duty to determine whether any nomination for election of a director was made in accordance with the procedures set forth in this Policy and, if any proposed nomination is not in compliance with such procedures, to declare such nomination defective and that it shall be disregarded.
- 7. Notwithstanding any other provision of this Policy, notice given to the Corporate Secretary of the Company pursuant to this Policy may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Corporate Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile

transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

8. The Board may, in its sole discretion, waive any requirement of this Policy.

#### **EFFECTIVE DATE**

This Policy was approved and adopted by the Board on May 1, 2013 (the "**Effective Date**") and is and shall be effective and in full force and effect in accordance with its terms and conditions from and after such date. Notwithstanding the foregoing, if this Policy is not approved by ordinary resolution of shareholders of the Company present in person or voting by proxy at the next Annual Meeting or Special Meeting of those shareholders validly held following the Effective Date, then this Policy shall terminate and be void and of no further force and effect following the termination of such meeting of shareholders.

This Policy will be subject to an annual review by the Board, and will reflect changes as required from time to time by securities regulatory agencies or stock exchanges, or so as to conform to industry standards.

#### **GOVERNING LAW**

This Policy shall be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

Adopted by the Board with immediate effect on May 1, 2013.