

**PINETREE CAPITAL LTD.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

August 17, 2020

# PINETREE CAPITAL LTD.

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON OCTOBER 1, 2020

**NOTICE IS HEREBY GIVEN** that an annual meeting of shareholders (the “Meeting”) of Pinetree Capital Ltd. (the “Corporation”) will be held on October 1, 2020 at 10:00 am (Toronto time) virtually via live audio webcast, available online using the LUMI meeting platform at <https://web.lumiagm.com/257701632>, for the following purposes:

1. to receive the audited financial statements of the Corporation for the year ended December 31, 2019 and the report of the auditors thereon (see “Financial Statements” in the Management Information Circular, the “Circular”);
2. to elect directors (see “Election of Directors” in the Circular);
3. to appoint MNP LLP as auditors of the Corporation, and to authorize the directors to fix their remuneration (see “Appointment of Auditors” in the Circular); and
4. to transact such further or other business as may properly come before the Meeting or any adjournment thereof.

To mitigate risks to the health and safety of our shareholders, employees and other stakeholders and based on government recommendations to avoid large gatherings, the Meeting will be conducted in a virtual only format via live audio webcast. Shareholders will not be able to attend the Meeting in person. A summary of the information shareholders will need to attend the Meeting online is provided in the Circular.

Only shareholders of record at the close of business on August 17, 2020 (the “Record Date”) will be entitled to vote at the Meeting. Each shareholder is entitled to one vote for each common share of the Corporation (“Common Share”) held on the Record Date.

### Notice and Access

The Corporation is using the “notice and access” procedure adopted by the Canadian Securities Administrators for the delivery of the Circular and related meeting materials (the “Meeting Materials”). Under the notice and access procedure, you are still entitled to receive a form of proxy (or voting instruction form) enabling you to vote at the Meeting. However, instead of receiving paper copies of the Meeting Materials, you are receiving a notice of meeting which contains information about how to access the Meeting Materials electronically. The principal benefit of the notice and access procedure is that it reduces costs and the environmental impact of producing and distributing paper copies of documents in large quantities. Shareholders who have consented to electronic delivery of materials may receive a notice of meeting in an electronic format.

The Circular and form of proxy (or voting instruction form) for the Common Shares provide additional information concerning the matters to be dealt with at the Meeting. **You should access and review all information contained in the Circular before voting.**

### Websites Where Meeting Materials are Posted

The Meeting Materials can be viewed online on the Corporation’s website, [www.pinetreecapital.com](http://www.pinetreecapital.com), on TSX Trust Company’s website, <https://docs.tsxtrust.com/2018>, and under the Corporation’s System for Electronic Document Analysis and Retrieval (“SEDAR”) profile at [www.sedar.com](http://www.sedar.com).

### Non-Registered and Registered Shareholders

If you would like a paper copy of the Meeting Materials, you should first determine whether you are a non-registered shareholder or a registered shareholder.

- You are a non-registered shareholder (also known as a beneficial shareholder) if you own Common Shares indirectly and your Common Shares are registered in the name of a bank, trust company, broker or other intermediary. For example, you are a non-registered shareholder if your Common Shares are held in a brokerage account of any type.
- You are a registered shareholder if you hold a paper share certificate or a direct registration system (DRS) statement and your name appears directly on the share certificate(s) or DRS statement.

### **How to Obtain Paper Copies of the Meeting Materials**

All shareholders may request paper copies of the Meeting Materials be mailed to them at no cost for up to one year from the date that the Circular was filed on SEDAR.

A request may be made by calling TSX Trust Company at 1-866-600-5869.

Requests must be received by September 22, 2020 if you would like to receive the Meeting Materials in advance of the voting deadline and date of the Meeting.

### **Voting**

Non-registered shareholders should exercise their right to vote by completing a voting instruction form in accordance with the directions on the form. Voting instruction forms will be provided by your intermediary.

Non-registered shareholders must submit their voting instructions at least one business day in advance of the proxy deposit date noted on your voting instruction form. If a non-registered shareholder wishes to vote at the Meeting (or have another person vote at the Meeting on the shareholder's behalf), the shareholder must complete the voting instruction form in accordance with the directions provided.

Registered shareholders should exercise their right to vote by completing the form of proxy in accordance with the directions in the form. TSX Trust Company must receive completed proxies no later than 10:00 a.m. (Toronto time) on September 28, 2020 or, if the Meeting is adjourned or postponed, on the day that is two business days before the date of the adjourned or postponed meeting.

**DATED** the 17<sup>th</sup> day of August, 2020

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "Peter Tolnai"  
Peter Tolnai  
Chairman

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## PINETREE CAPITAL LTD.

### MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON OCTOBER 1, 2020

#### SOLICITATION OF PROXIES

**THIS MANAGEMENT INFORMATION CIRCULAR (“CIRCULAR”) IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF PINETREE CAPITAL LTD. (WHICH IS REFERRED TO IN THIS CIRCULAR AS THE “CORPORATION”, “PINETREE”, “WE”, “US” AND WORDS OF SIMILAR MEANING) OF PROXIES TO BE USED AT THE ANNUAL MEETING OF SHAREHOLDERS OF THE CORPORATION (THE “MEETING”) TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE NOTICE OF MEETING.** While it is expected that the solicitation will be primarily by mail, proxies may also be solicited personally by our regular employees at nominal cost. The cost of solicitation by management will be borne directly by us. None of our directors have advised management in writing that they intend to oppose any action intended to be taken by management at the Meeting.

#### NOTICE-AND-ACCESS

This Circular and associated materials for the Meeting (collectively, the “Meeting Materials”) are being sent to both registered and non-registered holders of our common shares using Notice-and-Access, the delivery procedures that allow us to send shareholders paper copies of a notice of meeting and form of proxy or voting information form, as applicable, while providing shareholders access to electronic copies of the Meeting Materials or to paper copies of the Meeting Materials if they so request within the prescribed time periods. For more information, please refer to the notice of meeting delivered to you.

#### VOTING BY REGISTERED SHAREHOLDERS

Shareholders who hold common shares registered directly in their name may vote at the Meeting virtually by following the steps listed below:

1. Type in <https://web.lumiagm.com/257701632> your browser at least 15 minutes before the Meeting starts. Please do not do a Google Search. Do not use Internet Explorer. The best browser to use the Lumi platform is Chrome.
2. Click on “I have a control number”.
3. Enter your 12-digit control number (on your proxy form).
4. Enter the password: pnp2020 (case sensitive).
5. When the ballots have been opened, you will see them appear on your screen.

If you are a registered shareholder and you want to appoint someone else (other than the Management nominees) to vote online at the Meeting, you must first submit your proxy indicating who you are appointing. You or your appointee must then register with TSX Trust in advance of the Meeting by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>. If you are a non-registered shareholder and want to vote online at the Meeting, you must appoint yourself as proxyholder and register with TSX Trust in advance of the Meeting by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here <https://tsxtrust.com/resource/en/75>.

The persons named in the form of proxy provided are Pinetree officers and/or directors. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO** either by inserting such person’s name in the blank space provided in that form of proxy or by completing another proper form of proxy and, in either case, depositing such proxy in accordance with the above instructions.

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so either:

1. by delivering another properly executed form of proxy bearing a later date and depositing it as described above;
2. by depositing an instrument in writing revoking the proxy executed by the shareholder:
  - (a) with TSX Trust Company at any time up to the close of business on the last business day preceding the Meeting, or any adjournment thereof, at which the proxy is to be used; or
  - (b) with the Chairperson of the Meeting at the Meeting or any adjournment thereof, prior to the commencement of the Meeting or any adjournment thereof, as applicable; or
3. in any other manner permitted by applicable law.

Common shares represented by properly executed proxies **WILL BE VOTED OR WITHHELD FROM VOTING IN ACCORDANCE WITH THE INSTRUCTIONS OF THE SHAREHOLDER ON ANY BALLOT THAT MAY BE CALLED FOR AND IF THE SHAREHOLDER SPECIFIES A CHOICE WITH RESPECT TO ANY MATTERS TO BE ACTED UPON, THE SHARES WILL BE VOTED ACCORDINGLY.** Where there is no choice specified, shares represented by properly executed proxies in favour of persons designated in the printed portion of the form of proxy **WILL BE VOTED FOR EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS CIRCULAR.** The form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, or other matters which may properly come before the Meeting. At the time of printing this Circular, the management of Pinetree knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters which at present are not known to management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxyholder.

If you are a non-registered holder of our common shares (i.e., you hold common shares through a broker or other intermediary that are not registered in your name), you should refer to the section below entitled "Voting by Non-Registered Holders" for information on how to vote your common shares at the Meeting.

### **VOTING BY NON-REGISTERED HOLDERS**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most of our shareholders are "non-registered" shareholders because the common shares that they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they hold the shares. A person is not a registered shareholder in respect of our common shares which are held either: (a) in the name of an intermediary that the non-registered shareholder deals with in respect of the common shares (an intermediary includes, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans); or (b) in the name of a clearing agency (such as the Canadian Depository for Securities Limited), of which the intermediary is a participant.

A non-registered shareholder entitled to vote at the Meeting may vote at the Meeting virtually by following the steps listed below:

1. Appoint yourself as proxyholder by writing your name in the space provided on the form of proxy or VIF. Do not fill out your voting instructions.
2. Sign and send it to your intermediary, following the voting deadline and submission instructions on the VIF.
3. Get a control number by contacting TSX Trust Company by emailing [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) the "Request for Control Number" form, which can be found here

<https://tsxtrust.com/resource/en/75>. Request for control numbers must be made prior to 10:00 a.m. (Toronto time) on September 29, 2020.

4. Type in <https://web.lumiagm.com/257701632> on your browser at least 15 minutes before the Meeting starts. Please do not do a Google Search. Do not use Internet Explorer.
5. Click on “I have a control number”.
6. Enter your 12-digit control number provided by TSX Trust Company through email.
7. Enter the password: pnp2020 (case sensitive).
8. When the ballots have been opened, you will see them appear on your screen.

If you have any questions or require further information with regard to voting your Shares, please contact TSX Trust Company toll-free in North America at 1-866-600-5869 or by email at [tmxeinvestorservices@tmx.com](mailto:tmxeinvestorservices@tmx.com).

## PRESENTATION OF SECURITY INFORMATION

On July 20, 2016, the Company completed a share consolidation of its common shares of one (1) post-consolidation common share for every one hundred (100) pre-consolidation shares (the “Share Consolidation”). All references to the number of shares, warrants and stock options and their strike price and per share information in this Circular has been adjusted to reflect the Share Consolidation. Unless otherwise indicated, all references to dollar amounts herein are to Canadian dollars. All information contained herein is as of August 17, 2020, unless otherwise noted.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Our authorized capital consists of an unlimited number of common shares, of which 9,045,198 common shares were issued and outstanding as at August 17, 2020. Only shareholders of record at the close of business on August 17, 2020 (the “Record Date”) will be entitled to vote at the Meeting. Each shareholder is entitled to one vote for each common share held as at the close of business on the Record Date.

To the knowledge of our directors and executive officers, as of August 17, 2020, no person or company beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of our outstanding common shares, other than L6 Holdings Inc. (“L6”). L6 is a family holding company owned indirectly by Damien Leonard, Pinetree’s President, and certain of his siblings. L6 beneficially owns 2,975,515 common shares, representing approximately 32.9% of the issued and outstanding common shares of the Corporation.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Financial Statements

Our consolidated financial statements for the fiscal year ended December 31, 2019, together with the auditor’s report thereon, will be placed before the shareholders at the Meeting.

### Election of Directors

#### Nominees For Election

At the Meeting, management of Pinetree proposes to nominate the persons listed in the table below for election as directors of the Corporation (the “Nominees”). Each director will hold office until the election of his successor at the next annual meeting of our shareholders, or any adjournment thereof, or until his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (Ontario). **The persons named in the form of proxy or voting instruction form, as the case may be, intend to vote FOR the election of each of the Nominees. Management does not contemplate that any of the Nominees will be unable to serve as a director. If, however,**

a Nominee is so unavailable, the persons named in the form of proxy or voting instruction form, as the case may be, will vote FOR another nominee in management's discretion, unless the shareholder has specified in the shareholder's form of proxy or voting instruction form, as the case may be, that the shareholder's shares are to be withheld from voting in the election of the Nominee.

Name, Province and Country of Residence	Principal Occupation <sup>(1)(2)</sup>	Director Since	Number of Common Shares Owned, Controlled or Directed <sup>(2)</sup>	Percentage of Total Outstanding Common Shares
Peter Tolnai, Chairman Western Australia, Australia	Corporate Director	2016	702,223	7.8 %
Craig Miller <sup>(4)(6)(7)</sup> Ontario, Canada	President of Ithaka Partners Ltd., a company providing advisory and management services to companies in the food and hospitality sectors	2016	4,000	0.04 %
Ian P. Howat <sup>(6)(8)</sup> Ontario, Canada	Corporate Director	2016	0	
Howard Riback <sup>(5)(8)</sup> British Columbia, Canada	Director of Private Equity, Sectoral Asset Management Inc., a private corporation which manages public portfolios and private equity funds	2016	0	
Damien Leonard Ontario, Canada	President, Pinetree	2017	2,975,515 <sup>(3)</sup>	32.9 %

<sup>(1)</sup> Ian Howat has held his principal occupation for more than five years. Mr. Riback was CFO of CEMI Services Ltd. From 2013 to 2015 and CFO of Ventures West Capital Ltd., a venture capital firm, from 1991 to 2013. Mr. Miller was Vice President of Corporate Development of Pineridge Group from 2007-2017. Mr. Tolnai was President and CEO of Orchard Capital Group, Inc., a venture capital firm from 1997 to 2016, and CEO of Pinetree from 2016 to 2017. Damien Leonard is managing director of L6 Holdings Inc. since 2011.

<sup>(2)</sup> The information has been provided by the Nominee.

<sup>(3)</sup> Held indirectly via L6 Holdings Inc., a family holding company owned by Damien Leonard and certain of his siblings.

<sup>(4)</sup> Lead Independent Director.

<sup>(5)</sup> Chair of the Audit Committee.

<sup>(6)</sup> Member of the Audit Committee.

<sup>(7)</sup> Chair of the Corporate Governance, Nominating and Compensation ("CGNC") Committee.

<sup>(8)</sup> Member of the CGNC Committee.

### Majority Voting Policy

The board of directors has adopted a majority voting policy which requires that any nominee for election as a director in an uncontested election, who receives a greater number of votes "withheld" from his or her election than votes "for" such election, promptly tender his or her resignation to the board, to be effective upon the board's acceptance. The board will promptly, and in any event within 90 days of the final voting results, accept the tendered resignation unless it determines that there are extraordinary circumstances relating to the composition of the board or the voting results that should delay the acceptance of the resignation or justify rejecting it. Subject to any corporate law restrictions, the board may leave a resulting vacancy unfilled until the next annual meeting of shareholders, fill the resulting vacancy through the appointment of a new director, or call a special meeting of shareholders to consider another nominee for election to fill the vacancy.

### **Appointment of Auditor**

The auditor of the Corporation is MNP LLP, located at 300-111 Richmond Street West, Toronto, Ontario, M5H 2G4. MNP LLP was initially appointed as auditor of the Corporation effective January 5, 2016.

Following its evaluation of MNP LLP's performance, the Audit Committee recommended to the board that MNP LLP be reappointed as the auditor of the Corporation for 2020 and the board accepted such recommendation. Shareholders are being asked to approve the reappointment of MNP LLP as auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor.

*The board recommends that you vote for the re-appointment of MNP LLP as our auditor.*



The management representatives designated in the form of proxy (or voting instruction form) will vote for or withhold from voting the common shares in respect of which they are appointed by proxy in respect of the reappointment of MNP LLP as auditor of the Corporation to hold office until the Corporation's next annual meeting of shareholders and the authorization of the directors to fix the remuneration to be paid to the auditor in accordance with the instructions of the shareholder as indicated on the proxy (or voting instruction form, as applicable). **In the absence of such instructions, such common shares will be voted FOR the reappointment of MNP LLP as auditor of the Corporation and the authorization of the directors to fix the remuneration to be paid to the auditor.**

## EXECUTIVE COMPENSATION

Disclosed elsewhere in this section of the Circular are details concerning the compensation paid to the Corporation's "Named Executive Officers" for the three most recently completed financial years. The Named Executive Officers were determined in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* ("NI 51-102"). The Named Executive Officers for 2019 were: Damien Leonard, CEO and John Bouffard, CFO.

### Compensation Discussion and Analysis

The process for determining executive compensation in 2019 was relatively informal, in view of our size and operations, and there were no specific performance goals or benchmarks used in determining the compensation of executive officers, described below. Executive officers were involved in the process, making recommendations to the board for its consideration and approval of the discretionary components (e.g., cash bonuses) of the annual compensation of senior management. The Corporation did not engage a compensation consultant to advise on executive or director compensation matters.

#### Salary and Fees

The Company's executive compensation philosophy recognizes the importance of attracting and retaining talented employees, and works with executive officers to achieve fair and competitive compensation agreements. Mr. Bouffard's current employment agreement provides for an hourly fee of \$60 per hour until December 31, 2020, at which point a full-time engagement will be arranged.

The Company also believes in the importance of aligning the interests of our shareholders and management, primarily through share ownership. As such, management and directors are encouraged to seek economic gains principally through share appreciation. Accordingly, as at the end of 2019, Mr. Leonard waived all compensation.

The Named Executive Officers are not currently entitled to any contractual payments or benefits upon their termination of employment or a change of control of the Corporation.

#### Option-Based Awards

The Named Executive Officers are not currently eligible to receive stock option awards and no options have been granted since April 2016.

Prior to April 2016, options were granted pursuant to our 2007 Stock Option Plan (the "Option Plan" or "2007 Plan"). In accordance with the resolution of shareholders of the Corporation dated May 13, 2013, all unallocated options under the Option Plan expired on June 13, 2016. Further, pursuant to the rules of the TSX, all unallocated options were cancelled and the Corporation is generally not permitted to make further grants until approval of the shareholders of the Corporation is obtained. The Corporation does not intend to obtain such approval.

#### Bonuses

Periodically, the Corporate Governance, Nominating and Compensation Committee may grant discretionary cash bonuses to NEOs. During 2019, a cash bonus of \$5,000 was awarded to John Bouffard. No other bonuses were paid during the year.

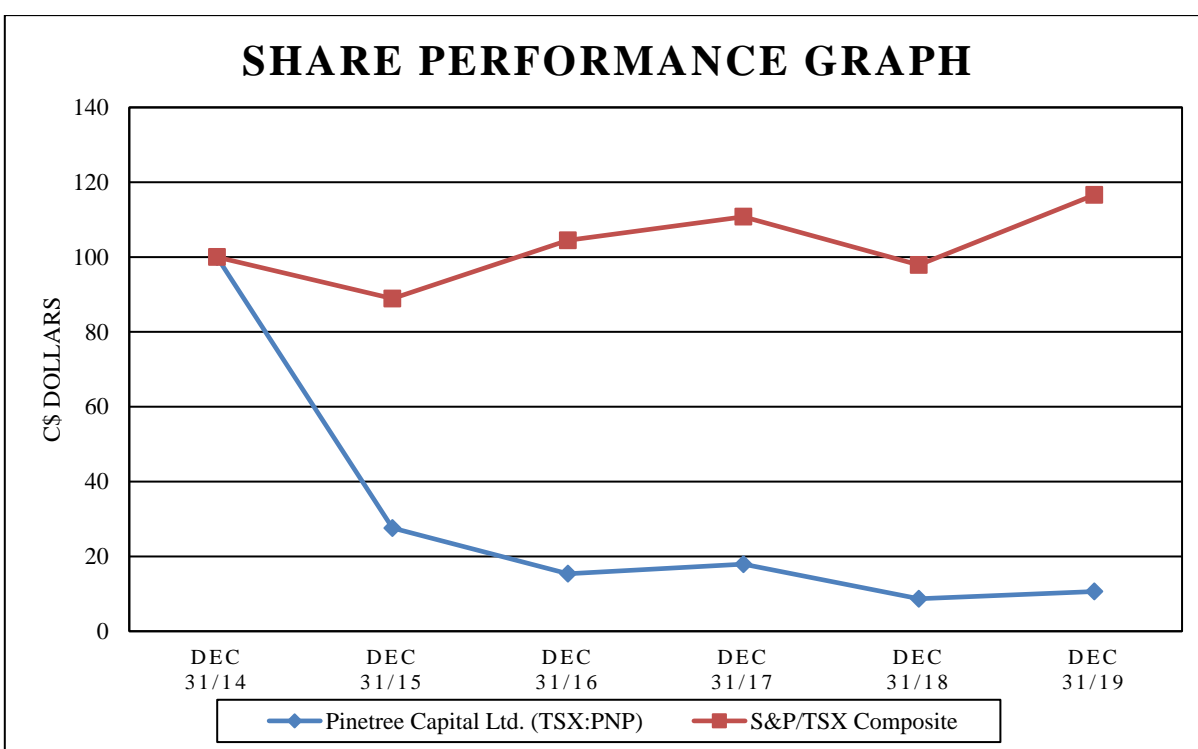
### Compensation Risk

The board has periodically considered our compensation practices to determine whether they are likely to encourage executive officers to expose the Corporation to inappropriate or excessive risks. The design of the Corporation's executive compensation program is intended to discourage excessive or inappropriate risk taking. Salary and bonuses for our executive officers were also reviewed and approved by the board, which acts as a control on the quantum of these compensation components in view of their discretionary nature.

### Performance Graph

The following table and graph compare the cumulative total shareholder return on our common shares with the cumulative total return of each of the S&P/TSX Composite Index and the S&P/TSX Venture Composite Index for our five most recently completed financial years. The graph and table illustrate what a \$100 investment in our common shares made on December 31, 2014, compared to a \$100 investment in each of the two indices made on the same date, would be worth on December 31<sup>st</sup> of each of the five

	Dec 31/14	Dec 31/15	Dec 31/16	Dec 31/17	Dec 31/18	Dec 31/19
Pinetree Capital Ltd. (TSX:PNP)	\$ 100	\$ 28	\$ 15	\$ 18	\$ 9	\$ 11
S&P/TSX Composite	\$ 100	\$ 89	\$ 104	\$ 111	\$ 98	\$ 117



The individuals who qualified as the Named Executive Officers were not the same in each of the years reflected in the graph. Generally, no specific part of Pinetree's executive compensation structure was directly tied to our share price, in the sense that share performance was not typically determinative of the quantum of base salaries, annual bonuses or stock option grants (if any).

## Summary Compensation Table

The following table indicates the total compensation paid by the Corporation, for its fiscal years ended December 31, 2019, 2018 and 2017, to our Named Executive Officers.

Name	Fiscal Year	Annual Compensation				Total Compensation (\$)
		Salary/Fees (\$)	Annual Incentive Plans		Other Annual Compensation <sup>(3)</sup> (\$)	
			Option-based Awards <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(2)</sup> (\$)		
Damien Leonard <sup>(4)(5)</sup> President & Director	2019	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil
John Bouffard <sup>(6)</sup> CFO	2019	16,850	Nil	5,000	Nil	21,850
	2018	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil

<sup>(1)</sup> No options have been granted to the Named Executive Officers. See "Option Plan" for additional information relating to the stock option plan.

<sup>(2)</sup> Non-equity incentive plan compensation reflects annual discretionary cash bonuses paid to the Named Executive Officers in respect of the applicable year.

<sup>(3)</sup> No Named Executive Officer received perquisites worth \$50,000 or more or 10% or more of his total salary, in any of the specified years.

<sup>(4)</sup> Mr. Leonard became President of the Corporation on August 7, 2020.

<sup>(5)</sup> No Compensation has been received by, or is payable to Mr. Leonard in respect of 2019, 2018 or 2017. See "Salary and Fees" for additional information relating to executive compensation. Mr. Leonard was also a director of the Corporation but did not receive any compensation from Pinetree for services rendered in that capacity.

<sup>(6)</sup> Mr. Bouffard became CFO of the Corporation on March 1, 2019.

## Executive Incentive Plan Awards – Outstanding Option-Based Awards

The following table provides details of stock options held by the Named Executive Officers as at December 31, 2019. The Named Executive Officers do not hold any stock options or share-based awards.

Name	Number of securities underlying unexercised options	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)
Damien Leonard	N/A	N/A	N/A	N/A
John Bouffard	N/A	N/A	N/A	N/A

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

The following table indicates the value of the incentive plan awards held by the Named Executive Officers which vested during the year ended December 31, 2019. The Names Executive Officers have not received any incentive plan award.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value vested during the year <sup>(3)</sup> (\$)
Damien Leonard	N/A	N/A	N/A
John Bouffard	N/A	N/A	N/A

- (1) Pinetree does not make any option-based awards and none were held by the Named Executive Officers during 2019.  
(2) Pinetree does not make any share-based awards and none were held by the Named Executive Officers during 2019.  
(3) No equity incentive plan compensation was paid to the Named Executive Officers in respect of the 2019 financial year.

## Director Compensation

Non-management directors receive a fee of \$2,000 per board meeting attended. The Chair of the Audit Committee receives an annual retainer of \$5,000. The Chair of the CGNC Committee receives an annual retainer of \$2,500. In addition, the Lead Independent Director receives an annual retainer of \$2,500. The Corporation does not grant any options or share-based awards to its directors.

The following is a list of non-management directors whom were employed by the Company in the year ended December 31, 2019.

Name	Total Fees Earned <sup>(1)</sup> (\$)	All other compensation <sup>(2)</sup> (\$)	Total compensation (\$)
Ian Howat	8,000	Nil	8,000
Craig Miller	13,000	Nil	13,000
Howard Riback	13,000	Nil	13,000
Peter Tolnai	Nil	Nil	Nil

- (1) Fees earned for each director are comprised of an annual retainer and meeting attendance fees.  
(2) The Company does not provide any incentive based awards to its directors.  
(3) Mr. Tolnai was CEO until September 2017, but continues to serve on the board.

## Option Plan

Prior to April 29, 2016, the Corporation granted options pursuant to the Option Plan to optionees who were eligible to participate in the plan. None of the Corporation's current employees or directors hold options.

In accordance with the rules of the TSX, all unallocated entitlements to common shares under the Option Plan are subject to renewal approval by shareholders every three years. Such renewal approval was last obtained at our annual and special shareholder meeting held on June 13, 2013. On June 13, 2016, all unallocated options under the Option Plan were cancelled and the Corporation is generally not permitted to make further grants until approval of the shareholders of the Corporation is obtained. Any options that are outstanding shall remain exercisable subject to meeting any applicable vesting requirements.

The number of common shares issuable pursuant to options granted under the Option Plan may not exceed 10% of the number of common shares outstanding from time to time. Notwithstanding such 10% limit, that number of common shares, if any, underlying options that have been cancelled or that have expired unexercised (whether in full or in part) will once again be issuable under the Option Plan. Furthermore, the Option Plan has a "reload" provision whereby the number of common shares that have been issued pursuant to the exercise of options granted under the Option Plan will once again be available for issuance under the plan. No "reloaded" options will be granted by the Corporation under this plan going forward.

As at August 17, 2020 65,542 common shares had been issued under the Option Plan and 151,050 common shares were issuable pursuant to outstanding options granted under the Option Plan, representing approximately 0.7% and 1.7%, respectively, of the 9,045,198 common shares outstanding as at that date. The following table sets forth the grant rate ("burn rate") for options granted in 2019, 2018 and 2017 as a percentage of issued and outstanding common shares of the Corporation at the time of grant.

Year	Weighted Average Number of Common Shares Outstanding	Number of Options Granted	Percentage
2019	9,045,198	Nil	-
2018	9,045,198	Nil	-
2017	6,814,875	Nil	-

The number of common shares that may be issuable, at any time, to insiders of the Corporation under the Option Plan, together with any of our other share-based compensation arrangements, may not exceed 10% of the number of common shares outstanding on the date of grant. The number of common shares that may be issued, within any one-year period, to insiders of the Corporation under the plan, together with any of our other share-based compensation arrangements, may not exceed 10% of the number common shares issued and outstanding.

The exercise price of an option granted under the Option Plan was determined by our board of directors but may not be less than the closing price of the Corporation's common shares on the TSX on the trading day immediately prior to the date of the option grant or, if the common shares do not trade on such date, then the exercise price may not be less than the average of the daily high and low board lot trading prices of the common shares on the TSX for the five trading days immediately preceding the date the option is granted.

The board of directors has the discretion to determine the term and vesting provisions (if any) of options granted under the Option Plan, provided that the term of an option may not exceed ten (10) years. Depending upon when issued, options vest and become exercisable either: (a) four months from the date of grant, or (b) in six equal amounts every three months, over a period of eighteen months from the grant date. If an Optionee's employment or service with the Corporation is terminated for any reason (other than as a result of the Optionee's death or for cause), all options which have vested as at the date of resignation or notice of termination of employment or service, as the case may be, may be exercised until the earlier of the expiry date of the options and the date that is ninety (90) days from the date of resignation or notice of termination of employment or service, as the case may be. In the event of an Optionee's death, all options which have vested as at the date of death may be exercised until the earlier of the expiry date of the options and the date that is twelve (12) months from the date of death. The board has the discretion to determine an alternative expiry date in the event of the termination of an Optionee's employment or service or the Optionee's death. All unvested options held by an Optionee on the date of resignation, notice of termination or death (unless the Optionee is terminated for cause), as the case may be, will continue to vest until expiry.

The board of directors may amend the terms of the Option Plan, subject to the receipt of any applicable regulatory approval and without the approval of shareholders, except any amendment to (i) change the maximum number of common shares that may be issued under the plan, whether as a fixed number of common shares or as a percentage of the number of common shares outstanding from time to time (other than to reflect an adjustment otherwise permitted under the stock Option Plan), (ii) reduce the exercise price or extend the expiry period of any option, (iii) increase the limits on the number of common shares issuable to participants under plan who are insiders of the company, or (iv) expand the class of participants eligible to participate in the plan, any of which amendments shall be subject to the approval of shareholders.

Amendments that can be made to the Option Plan by the board which will not require the approval of shareholders include changing the vesting provisions of any option and changing the effect of the termination of an Optionee's employment with or service to the Corporation on the Optionee's outstanding options.

Options granted under the Option Plan may not be assigned or transferred, other than to certain permitted assigns, including a registered retirement savings plan or registered retirement income fund of the Optionee.

As of August 17, 2020, the Company does not intend to seek approval to renew the Option Plan, commence a new Option Plan, or use options as a part of compensation for its employees, officers or directors.

### **Restrictions on Trading Pinetree Securities**

All of the Corporation's directors and officers are subject to an Insider Trading Policy and a Personal Trading Policy which prohibits them from actively trading in the Corporation's securities and in the publicly-traded securities of the entities in which the Corporation has an investment. The Insider Trading Policy and Personal Trading Policy set out

guidelines for appropriate timing and procedures for market purchases and sales. The Corporation's directors and Named Executives are not permitted to purchase financial instruments designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive of director.

## **DIRECTORS AND OFFICERS INDEMNIFICATION**

We maintain liability insurance for our directors and officers. For the year ended December 31, 2019, the policy provided coverage of up to \$5 million with a deductible of \$250,000. The annual insurance premium was \$53,000 (plus applicable taxes), no portion of which was payable by the individual directors and officers.

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

No "informed person" (as defined in NI 51-102), proposed director of the Corporation or associate or affiliate of any informed person or proposed director has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

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

As of the date hereof, none of the current or former executive officers or directors of the Corporation or any of its subsidiaries are indebted to the Corporation or any of its subsidiaries.

## **CORPORATE GOVERNANCE**

The Canadian securities regulatory authorities have issued corporate governance guidelines (the "Corporate Governance Guidelines") for all reporting issuers in Canada (other than investment funds), together with certain related disclosure requirements. The Corporate Governance Guidelines are recommended as "best practices" for issuers to follow. We recognize that good corporate governance plays an important role in our overall success and in enhancing shareholder value and, accordingly, we have adopted certain corporate governance practices which are reflective of the recommended guidelines. A summary of certain aspects of our approach to corporate governance is provided below.

### **Board of Directors**

#### *Independence*

NI 52-110 sets out the standard for determining whether a director is "independent" for the purposes of the Corporate Governance Guidelines and disclosure requirements of the Canadian securities regulatory authorities. In accordance with NI 52-110, a director is "independent" if he or she has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship which could, in the view of the board of directors, be reasonably expected to interfere with the exercise of the director's independent judgment. NI 52-110 also sets out certain circumstances where a director will automatically be considered to have a material relationship with the Corporation.

As of December 31, 2019, the board is comprised of 5 directors, 3 of whom are independent. The Corporation's independent directors are Craig Miller, Ian P. Howat and Howard Riback. The Chairman of the board, Peter Tolnai and Damien Leonard are not independent as a result of being executive officers of the Corporation within the last three years. The board has appointed Craig Miller as Lead Independent Director. The independent directors hold regularly scheduled meetings without members of management or Peter Tolnai in attendance. During the year ended December 31, 2019, the board held 4 *in camera* meeting without members of management or Peter Tolnai in attendance. In addition, open and candid discussion among the independent directors is facilitated by the small size of the board and significant weight is attributed to the views and opinions of the independent directors. All independent directors are encouraged by the Chair of the Board to have open and candid discussions with the Chair and other members of the Board.

## Attendance

During the year ended December 31, 2019, there were 4 meetings of the board of directors, 4 meetings of the Audit Committee and 2 meetings of the CGNC Committee. The attendance record of each existing director at these meetings is set out below:

Director	Board	Audit Committee	CGNC Committee
Ian Howat	4	4	2
Craig Miller	4	4	2
Howard Riback	4	4	2
Peter Tolnai	4	N/A	N/A
Damien Leonard	4	N/A	N/A

## Board Mandate

The board of directors is responsible for the stewardship of the Corporation and for supervising the management of our business and affairs. The board reviews, discusses and approves various matters relating to our strategic direction, business and operations and its organizational structure, with a view to our best interests.

While management is responsible for the day-to-day conduct of our business, in carrying out its supervisory responsibilities, the board of directors (or the committees of the board, as the case may be) has numerous responsibilities, including: (a) adopting a strategic planning process and approving a strategic plan; (b) identifying our principal business risks and ensuring the implementation of appropriate systems to manage these risks; (c) ensuring appropriate succession planning in place, including appointing, training and monitoring senior management; (d) developing a communications policy for the Corporation; (e) developing policies and procedures to ensure the integrity of our internal control and management information systems; (f) ensuring appropriate standards of corporate conduct, including adopting a code of business conduct and ethics, and monitoring compliance with and waivers from the code; (g) ensuring implementation of appropriate environmental stewardship and health and safety management systems; (h) reviewing and approving compensation of senior management; (i) adopting corporate governance guidelines or principles applicable to the Corporation; (j) reviewing annually the contribution of the board as a whole, the committees of the board and each of the directors; and (k) adopting a process for shareholders and other interested parties to communicate directly with the board of directors or its independent directors.

The board of directors has implemented and approved various policies, including the adoption of our Insider Trading Policy and Code of Business Conduct and Ethics.

## Position Descriptions

Although written position descriptions have not been adopted, the Chairman of the board and of each committee are aware of the roles and responsibilities of each such position and are aided with reference to the Charter of each committee, as applicable. These roles and responsibilities include: chairing meetings; planning and organizing board/committee activities; providing leadership to enhance effectiveness; ensuring responsibilities are well understood by board/committee members and management, and that the boundaries between board and management responsibilities are clearly understood and respected; ensuring that adequate resources are available, including timely and relevant information, to allow the board/committee to meet its responsibilities; and reporting to the full board on decisions or recommendations made by a committee.

In addition, although a written position description has not been adopted, the Lead Independent Director provides leadership to the board and particularly to the independent directors, ensures that the board operates independently of management and that directors have an independent leadership contact, and chairs in camera meetings without members of management or non-independent directors in attendance following each board meeting and on other occasions, as required or desirable.

A position description for the CEO has not been developed; however, the CEO is charged with spearheading those functions that have been delegated by the board to management. The board assists in the delineation of the role and responsibilities of the CEO through its regular meetings.

### **Orientation and Continuing Education**

Each new director brings a different skill set and professional background, and with this information, the board of directors is able to determine what orientation to the nature and operations of our business will be necessary and relevant to each new director. Continuing education for directors is provided as such need arises and open discussion is encouraged at all meetings, a format that fosters learning by the directors.

Management provides ongoing updates about our business activities and investments to directors on a routine basis that is sufficient to ensure that directors have the knowledge about our business to meet their obligations as directors.

### **Ethical Business Conduct**

We have implemented a Code of Business Conduct and Ethics (the “Code”) to be followed by our employees, officers and directors and those of our subsidiaries. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoidance of conflicts of interest and compliance with applicable governmental laws, rules and regulations. A copy of the Code is available electronically under our issuer profile at [www.sedar.com](http://www.sedar.com) and a summary of certain of its provisions is provided below.

We are committed to sound environmental management. The Code confirms our intention to conduct ourselves in partnership with the environment and community at large as a responsible and caring business entity, and our commitment to managing all phases of our business in a manner that minimizes any adverse effects of our operations on the environment and the communities in which we do business.

The Code provides that our employees, officers and directors are required to act with honesty and integrity and to avoid any relationship or activity that might create, or appear to create, a conflict between their personal interests and the interests of the Corporation.

We are committed to providing a healthy and safe workplace in compliance with applicable laws, rules and regulations. The Code affirms our commitment to foster a work environment in which all individuals are treated with respect and dignity. We are an equal opportunity employer and do not discriminate against employees, officers, directors or potential employees, officers or directors on the basis of race, color, religion, sex, national origin, age or disability or any other category protected by applicable law.

All of our employees, officers and directors are expected to comply with the Code and any waiver from any part of the Code requires the approval of our CEO, in the case of an employee, or of the board of directors, in the case of an officer or director.

The Code also provides a process by which actual or potential violations of its provisions are to be reported (on a confidential basis) to the chairman of the Audit Committee and confirms that there will not be any reprisals against an individual who does so in good faith.

### **Corporate Governance, Nominating and Compensation Committee**

The Corporate Governance, Nominating and Compensation Committee is composed of three directors – Craig Miller, Ian P. Howat and Howard Riback – each of whom is independent. Craig Miller is the Chair and has extensive experience as a director, chair or board observer of several private companies and non-profit organizations. Each member has, to the satisfaction of the board, sufficient skills and experience which are relevant and will contribute to the carrying out of the mandate of the committee. Each brings to the committee an understanding of financial and risk management matters relating to the Corporation specifically, as well as those matters in the context of other issuers, which enable the committee, as a whole, to make decisions concerning our compensation policies and practices.

The purpose of the Corporate Governance, Nominating and Compensation Committee is to assist the board of directors in fulfilling its responsibilities relating to the nomination of directors to the board, enhancement of the



Corporation's governance and compensation of the Corporation's directors and officers. The following is a summary of its key representatives:

- The Corporate Governance, Nominating and Compensation Committee participates in the director nomination process by identifying new candidates for nominations who, by virtue of their skills, diversity of background and experience, areas of expertise, industry knowledge, geographic location and industry contacts are beneficial to the Corporation. If desirable, the board may also retain search firms to assist it in identifying candidates. The Corporate Governance, Nominating and Compensation Committee also establishes the procedures and approve appropriate orientation and education programs for new directors, such that they fully understand the role of the board and its committees, the contribution that individual directors are expected to make and the nature and operation of the Corporation's business.
- The Corporate Governance, Nominating and Compensation Committee enhances the Corporation's governance policies by developing and recommending to the board corporate governance guidelines, periodically reviewing and reassessing the adequacy of such guidelines and recommending any proposed changes for the board's approval. It leads an annual review of the board, including an assessment of the composition and effectiveness of the board and the contribution and effectiveness of individual directors and report its assessment to the board following the end of each fiscal year. In addition, it will recommend to the board a position description for the Chairman of the board.
- The Corporate Governance, Nominating and Compensation Committee reviews and considers the compensation policies with respect to senior management and submits recommendations thereof to the board. The Corporate Governance, Nominating and Compensation Committee establishes annual corporate goals and objectives against which to review and assess the senior management's performance. In addition, it conducts periodic reviews of the status of the Corporation's equity compensation plans, if any, and submits recommendations to the board with respect to any new equity-based compensation plan or other incentive plan or any amendments to existing plans.
- The Corporate Governance, Nominating and Compensation Committee is responsible for regularly reviewing directors' performance in order to determine whether they are functioning effectively. The Corporate Governance, Nominating and Compensation Committee may perform such reviews through the completion of an analytical board and committee effectiveness questionnaire by each director, data analysis and a review of preliminary findings by the committee and reporting to and discussion among the directors.

The Audit Committee is comprised of three board members – Craig Miller, Ian P. Howat and Howard Riback. Howard Riback is the Chair. The Corporation has determined that each of the committee members is independent and financially literate for the purposes of NI 52-110. Each of the Audit Committee members has an understanding of the accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles, as well as an understanding of the internal controls and procedures necessary for financial reporting. The relevant education and experience of each member of the Audit Committee is as follows:

- Craig Miller holds an M.B.A. from Harvard Business School. He has extensive experience in financial analysis and review of financial statements in his previous roles as a consultant at McKinsey & Company and Vice President of Corporate Development at Pineridge Group.
- Ian P. Howat holds an M.B.A. from the University of Western Ontario and has over 25 years' experience in the mining sector.
- Howard Riback is a Chartered Professional Accountant with over 35 years of accounting and financial experience. He was the CFO of Ventures West Capital Ltd. from 1991 to 2013. As CFO, Howard Riback was responsible for the financial and legal due diligence of all of Ventures West Capital Ltd.'s investments and for the financial reporting of its managed investment funds.

The responsibilities of the Audit Committee include: (i) reviewing the Company's procedures for internal control with the Company's auditors and CFO; (ii) reviewing and approving the engagements of the auditors; (iii) reviewing annual and quarterly financial statements and management's discussion and analysis thereon; (iv) reviewing and

recommending to the board for acceptance, prior to their public release, all material financial information required to be gathered and disclosed to the public by the Corporation; (v) assessing the Company's financial and accounting personnel; (vi) assessing the Corporation's accounting policies; (vii) reviewing the Corporation's risk management procedures; (viii) reviewing any significant transactions outside the Corporation's ordinary course of business, including related-party transactions, and any legal matters that may significantly affect the Corporation's financial statements; (ix) overseeing the work and confirming the independence of the external auditors; and (x) reviewing, evaluating and approving the internal control procedures that are implemented and maintained by management.

### **Term Limits and Other Mechanisms for Board Renewal**

We have not adopted term limits for our directors or other formal mechanisms for board renewal. Our board is of the view that the Corporation is best served where a balance exists between directors with the in-depth knowledge and institutional memory that comes from serving over longer periods of time and newer directors who bring different experiences and new perspectives. In our view, term limits ignore this balance.

### **Representation of Women on the Board and in Executive Officer Positions**

We have not adopted a written policy relating to the identification and nomination of female directors. The board, however, supports the principles of diversity and recognizes the importance of diverse backgrounds, skills and experience and gender diversity when considering potential candidates who have the core skills and qualities to serve as directors. The board appreciates that the existing imbalance in respect of female representation on corporate boards is due primarily to a lack of opportunity, rather than qualifications, and intends to approach the process of identifying future candidates for board positions with a view to expanding its own diversity.

We have not adopted a target regarding the number of women on our board or in executive officer positions. We recognize the importance and value of gender diversity but believe, at this time, the Corporation is best served by making thoughtful and informed executive and board recruitment decisions that further diversity principles rather than applying a mathematical approach to any selection criteria. There are currently no women on our board (0 of 5 directors), which represents 0% of the board, and no women hold an executive officer positions (0 of 2 executive officer positions), which represents 0% of the Corporation's executive officer positions.

## **ADDITIONAL INFORMATION**

Additional information concerning the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation is provided in our audited comparative financial statements and management's discussion and analysis thereon for the financial year ended December 31, 2019. Certain information pertaining to our audit committee and our external auditors is also provided in the section entitled "Audit Committee Information" of our annual information form for the financial year ended December 31, 2019, which is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

Shareholders wishing to obtain a copy of our financial statements and management's discussion and analysis may contact us at: Pinetree Capital Ltd., 1965 Queen Street East, Unit 200, Toronto, Ontario, M4L 1H9, or 416-941-9600.

## **DIRECTORS' APPROVAL**

The contents and sending of this Circular to each director of the Corporation, each shareholder of the Corporation entitled to notice of the Meeting and the auditor of the Corporation have been approved by the directors of the Corporation.

**DATED** the 17<sup>th</sup> day of August, 2020

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) "Peter Tolnai"

Peter Tolnai  
Chairman