MANAGEMENT INFORMATION CIRCULAR

for:

THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TUESDAY, JUNE 7, 2016 AT 10:00 A.M. PDT

at the offices of:

FASKEN MARTINEAU DuMOULIN LLP

SUITE 2900, 550 BURRARD STREET, VANCOUVER, BC

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POLARIS MATERIALS CORPORATION

1. MANAGEMENT INFORMATION CIRCULAR

As at and dated April 26, 2016, for:

THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD AT 10:00 A.M. PDT ON TUESDAY, JUNE 7, 2016, AT:

THE OFFICES OF FASKEN MARTINEAU DuMOULIN LLP

SUITE 2900, 550 BURRARD STREET, VANCOUVER, BC

Polaris Materials Corporation (the "**Company**" or "**Polaris**") has elected to use the notice and access procedures ("**Notice and Access**") under National Instrument 51-102 – *Continuous Disclosure Obligations* and National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") for the delivery of meeting materials to shareholders for the Annual General and Special Meeting of the Company's shareholders to be held on June 7, 2016 (the "**Meeting**"). Under the provisions of Notice and Access, shareholders received a separate notice (the "**Notice**") containing information on how they can access the Company's management information circular (the "**Circular**") electronically instead of receiving a printed copy or how to receive a printed copy of the Circular. Together with the Notice, shareholders continue to receive a proxy ("**Proxy**"), in the case of registered shareholders, or a voting instruction form ("**VIF**"), in the case of non-registered shareholders, enabling them to vote at the Meeting. The Company adopted this alternative means of delivery in order to further its commitment to environmental responsibility and to reduce printing, distribution and mailing costs.

1.1 SOLICITATION OF PROXIES

This Management Information Circular is furnished in connection with the solicitation of proxies being made by the management of Polaris for use at the Meeting at the time and place and for the purposes set forth in the Notice and below. While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Company.

All costs of this solicitation will be borne by the Company.

1.2. PROXY INSTRUCTIONS

Shareholders who cannot attend the meeting in person may vote by proxy, if a registered shareholder, or provide voting instructions as provided herein if a non-registered shareholder, either by mail, by phone or over the internet. Proxies and/or voting instructions must be received by Computershare Investor Services Inc., the Company's transfer agent ("**Computershare**") no later than 10:00 a.m. PDT on Friday, June 3, 2016 at its Toronto office, 9th Floor, 100 University Avenue, Toronto Ontario M5J 2Y1.

A proxy ("**Proxy**") returned to Computershare will not be valid unless dated and signed by the shareholder or by the shareholder's attorney duly authorized in writing or, if the shareholder is a company or association, the form of Proxy must be executed by an officer or by an attorney duly authorized in writing. If the form of Proxy is executed by an attorney for an individual shareholder or by an officer or attorney of a shareholder that is a company or association, documentation evidencing the power to execute the Proxy may be required with signing capacity stated. If not dated, the Proxy will be deemed to have been dated the date that it is mailed to shareholders.
The securities represented by the Proxy 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 matter to be acted upon, the securities will be voted accordingly. The form of Proxy confers discretionary

authority upon the named proxyholder with respect to matters identified in the Notice if a choice with respect to such matters is not specified. It is intended that the person designated by management in the form of Proxy will vote the securities represented by the Proxy **in favour of** each matter identified in the Proxy and for the nominees of management for directors and auditor.

The Proxy confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the Notice and other matters which may properly come before the Meeting. As at the date of this Management Information Circular, management is not aware of any amendments, variations, or other matters. If such should occur, the persons designated by management will vote thereon in accordance with their best judgment, exercising discretionary authority.

1.3. APPOINTMENT OF PROXYHOLDER

A shareholder has the right to designate a person (who need not be a shareholder of the Company), other than TERRENCE A. LYONS OR HERBERT G.A. WILSON, both directors and/or officers of the Company and the management designees, to attend and act for the shareholder at the Meeting. If you are returning your Proxy to Computershare, such right may be exercised by inserting in the blank space provided in the enclosed form of Proxy the name of the person to be designated and striking out the names of the management designees or by completing another proper form of Proxy and delivering it to Computershare as provided above, or by phone or over the internet. If you are using the internet, you may designate another proxyholder by following the instructions on the website. It is not possible to appoint an alternative proxyholder by phone. If you appoint a proxyholder, other than the management designees, that proxyholder must attend and vote at the Meeting for your vote to be counted.

1.4. REVOCATION OF PROXIES

In addition to revocation in any manner permitted by law, you may revoke your Proxy by an instrument in writing signed by you as registered shareholder or by your attorney duly authorized in writing, or if you are a representative of a registered shareholder that is a company or association, the instrument in writing must be executed by an officer or by an attorney duly authorized in writing, and deposited with the Company's registered office, c/o Fasken Martineau DuMoulin LLP, Suite 2900, 550 Burrard Street, Vancouver, British Columbia, V6C 0A3 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or, as to any matter in respect of which a vote shall not already have been cast pursuant to such Proxy, with the Chairman of the Meeting on the day of the Meeting, or at any adjournment thereof, and upon either of such deposits the Proxy is revoked. In addition, shareholders can also change their vote by phone or via the internet.

Only registered shareholders have the right to revoke a Proxy. Non-registered shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact Computershare or their intermediary to arrange to change their voting instructions.

1.5. SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the meeting. Some shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of the person (the "Non-Registered Shareholder") but which are registered in the name of an intermediary (the "Intermediary") that the Non-Registered Shareholder deals with in respect of the shares. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or in the name of a clearing agency (such as The Canadian Depository of Securities Limited) of which the Intermediary is a participant.

There are two kinds of Non-Registered Shareholders – those who object to their name being made known to the Company (called OBOs for "Objecting Beneficial Owners") and those who do not object to the Company knowing who they are (called NOBOs for "Non-Objecting Beneficial Owners").

The Company takes advantage of certain provisions of NI 54-101 which permit the Company to directly deliver proxy-related materials to NOBOs who have not waived the right to receive them. This year the Company has elected to use Notice and Access. As a result, NOBOs can expect to receive a scannable VIF from the Company's transfer agent, Computershare, together with the Notice that provides shareholders with directions to access the meeting materials via the Internet or to obtain a printed copy of the meeting materials from the Company at no cost to the shareholder. These VIFs are to be completed and returned to Computershare in accordance with the instructions. Computershare is required to follow the voting instructions properly received from NOBOs. Computershare will tabulate the results of the VIFs received from NOBOs and will provide voting instructions at the Meeting with respect to the common shares represented by the VIFs they receive. If the VIF is executed by an attorney for an individual shareholder or by an officer or attorney of a shareholder that is a company or association, documentation evidencing the power to execute the VIF may be required with signing capacity stated.

In accordance with the Notice and Access requirements of NI 54-101, the Company has distributed the Notice to the Intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Notice to OBOs. Very often, Intermediaries will use service companies to forward the Notice to OBOs. With the Notice, Intermediaries or their service companies should provide OBOs with a "request for voting instruction form" which, when properly completed and signed by such OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the common shares that they beneficially own.

If a NOBO wishes to attend the Meeting and vote in person (or have another person attend and vote on behalf of the NOBO), the NOBO should insert the name of the NOBO (or the name of the person that the NOBO wants to attend and vote on the NOBO's behalf) in the space provided on the VIF and return it to Computershare in accordance with the instructions provided on the VIF. If Computershare or the Company receives a written request that the NOBO or its nominee be appointed as proxyholder, if management is holding a proxy with respect to common shares beneficially owned by such NOBO, the Company must arrange, without expense to the NOBO, to appoint the NOBO or its nominee as proxyholder in respect of those common shares. Under NI 54-101, unless corporate law does not allow it, if the NOBO or its nominee is appointed as proxyholder by the Company in this manner, the NOBO or its nominee, as applicable, must be given the authority to attend, vote and otherwise act for and on behalf of management in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. If the Company receives such instructions at least one business day before the deadline for submission of proxies, it is required to deposit the proxy within that deadline, in order to appoint the NOBO or its nominee as proxyholder. If a NOBO requests that the NOBO or its nominee be appointed as proxyholder, the NOBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the NOBOs vote to be counted.

If an OBO wishes to attend the Meeting and vote in person (or have another person attend and vote on behalf of the OBO), the OBO should insert the OBO's name (or the name of the person the OBO wants to attend and vote on the OBO's behalf) in the space provided for that purpose on the request for voting instructions form and return it to the OBO's intermediary or send the intermediary another written request that the OBO or its nominee be appointed as proxyholder. The intermediary is required under NI 54-101 to arrange, without expense to the OBO, to appoint the OBO or its nominee as proxyholder in respect of the OBO's common shares. Under NI 54-101, unless corporate law does not allow it, if the intermediary makes an appointment in this manner, the OBO or its nominee, as applicable, must be given authority to attend, vote and otherwise act for and on behalf of the intermediary (who is the registered shareholder) in respect of all matters that come before the meeting and any adjournment or postponement of the meeting. An intermediary who receives such instructions at least one business day before the deadline for submission of proxies is required to deposit the proxy within that deadline, in order to appoint the OBO or its nominee as proxyholder. If an OBO requests that the intermediary appoint the

OBO or its nominee as proxyholder, the OBO or its appointed nominee, as applicable, will need to attend the meeting in person in order for the OBO's vote to be counted.

These proxy related materials are being sent to both registered shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Company has sent these proxy related materials directly to you, your name and address and information about your holdings of common shares have been obtained in accordance with applicable securities requirements from the Intermediary on your behalf.

The Company intends to pay for the Intermediaries to deliver the meetings materials to the OBOs.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF or voting instruction form.

1.6. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at the date of this Circular, 88,334,686 common shares without par value were issued and outstanding, each such share carrying the right to one (1) vote at the Meeting. April 21, 2016 has been fixed by the directors of the Company as the record date for the purpose of determining those shareholders entitled to receive notice of and to vote at the Meeting.

To the knowledge of the directors and executive officers of the Company, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Company.

POLARIS MATERIALS

2. BUSINESS OF THE MEETING

2.1. FINANCIAL STATEMENTS

The financial statements for the fiscal year ended December 31, 2015 are contained in the 2015 Annual Report. These documents are available on the Company's website at www.polarismaterials.com as well as on SEDAR at www.sedar.com.

2.2. ELECTION OF DIRECTORS

The number of directors for the Company is set by ordinary resolution of the shareholders of the Company. Management of the Company is seeking shareholder approval of an ordinary resolution determining the number of directors of the Company at five (5) for the ensuing year.

In September 2013, the Company adopted a majority voting policy such that procedures are now in place that require the resignation of a director should the director receive more "withheld" votes than "for" votes at any uncontested meeting of the Company's shareholders at which directors are elected. (See "*Report on Corporate Governance - Majority Voting Policy*").

The persons below are management's nominees to the board of directors of the Company (the "**Board**"). Each director elected will hold office until the next annual general meeting or until his successor is duly elected or appointed, if his office is earlier vacated in accordance with the Articles of the Company or if he becomes disqualified to act as a director.

Nominees for Election as a Director:

Terrence A. Lyons, ICD.D British Columbia, Canada Independent Director Age: 66 Principal Occupation: Corporate Director Common Shares: 25,000 Stock Options: 372,000	Mr. Lyons is a director of several public and private corporations and currently serves as lead director, Chairman of the Audit Committee and a member of the Corporate Governance and Compensation Committee of Canaccord Genuity Group Inc. He also serves as Chairman of the Board and Chairman of the Corporate Governance and Compensation Committee of Canaccord Genuity Ltd (UK) and is FCA approved with respect to such roles. Mr. Lyons also serves on Canaccord's subsidiary boards in the US, Australia, Singapore and Hong Kong, as Chairman of Sprott Resources Corporation and as a director of Martinrea International Inc. Mr. Lyons is a civil engineer (University of British Columbia) with an MBA from the University of Western Ontario. He has also received his ICD.D certification from the Institute of Corporate Directors. He is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of BC and in 2007 was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry.

Board and Committees	Date Joined	Attendance at Meetings during 2015
Board of Directors	April 2004	6 of 6
Audit Committee	May 2004	4 of 4

Eugene P. Martineau

Florida, USA
Independent Director
Age: 75

Principal Occupation:
Principal, Martineau and Associates Consulting

Common Shares: 20,000
Stock Options: 300,000

Mr. Martineau was the founder and first president and CEO of U.S. Concrete Inc., which, under his guidance, became one of the largest concrete producers in the United States. In 2007, he left U.S. Concrete to found Martineau and Associates Consulting. He has served as a director and member of the Executive Committee of the National Ready Mixed Concrete Association ("NRMCA") and has been elected as a lifetime honorary director. He served as the National Director of RMC 2000 from 1993 to 1997. RMC 2000 was a grass roots industry movement which facilitated monumental changes in the industry. He has served as a member of the Board of Trustees for the NRMCA Research & Education Foundation since its creation and served as chairman in 2004. Mr. Martineau was one of the founders, and served as the chairman, of the National Steering Committee for Concrete Industry Management (CIM). The CIM Program is now installed in four universities across the U.S. and is providing the industry with its future leaders. He currently serves as its Executive Director. In 2007, Mr. Martineau was selected by *Concrete Producer* magazine as one of the top influencers in the concrete industry. Mr. Martineau is the 2010 recipient of NRMCA's Lifetime Achievement Award for Promotion which is awarded to a ready-mix concrete industry professional whose career has demonstrated outstanding leadership, dedication and achievement in support of concrete promotion and industry advancement.

Board and Committees	Date Joined	Attendance at Meetings during 2015
Board of Directors	March 2010	6 of 6
Audit Committee	March 2010	4 of 4
Governance, Compensation and Nominating Committee	March 2010	1 of 1

Marco A. Romero

British Columbia, Canada
Independent Director
Age: 54

Principal Occupation:
President & CEO of Euro Manganese Inc.

Common Shares: 38,175
Stock Options: 433,000

Mr. Romero is an entrepreneur with more than 37 years of diversified international experience in the mining and construction materials industries and is President of Euro Manganese Inc. He has held senior roles in exploration, environmental permitting, project development and mining operations, as well as mergers, acquisitions and corporate development. Mr. Romero was co-founder of Polaris Minerals Corporation and served as its President and CEO from 1999 to 2008. He was a former founder, President and CEO of Delta Gold Corporation, Senior Vice President of Corporate Development for Ivanhoe Mines Ltd., and a co-founder and Executive Director of Eldorado Gold Corporation.

Board and Committees	Date Joined	Attendance at Meetings during 2015
Board of Directors	May 1999	6 of 6
Governance, Compensation and Nominating Committee	June 2012	1 of 1

Herbert G. A. Wilson, B.Sc., F.I.Q. Ontario, Canada Related Director Executive Vice-Chairman Age: 65 Principal Occupation: Executive Vice-Chairman of the Company Common Shares: 353,825 Stock Options: 759,792	Mr. Wilson has over 40 years of experience in the development and operation of construction materials and industrial minerals operations. Mr. Wilson joined the Company in 2001, prior to which he was President of United States Lime & Minerals Inc., a NASDAQ-listed public company producing lime products and construction materials from limestone quarries located in the south-central states. From 1992 to 1998, he was a founding director and Executive Vice-President and Chief Operating Officer of Global Stone Corporation, a Toronto-listed public company producing construction aggregates and lime products. He is a director of Hudson Resources Inc.

Board and Committees	Date Joined	Attendance at Meetings during 2015
Board of Directors	July 2008	6 of 6

Lenard F. Boggio, FCPA, FCA, ICD.D British Columbia, Canada Independent Director Age: 61 Principal Occupation: Corporate Director Common Shares: 10,000 Stock Options: 200,000	Mr. Boggio is a finance professional and was a partner at PricewaterhouseCoopers LLP, where he led the BC Mining Group, prior to retirement. He has extensive experience in financial reporting and auditing, public finance offerings and mergers and acquisitions. He is a board member of a number of Canadian resource companies and his professional activities include appointments as a Commissioner of the Financial Institutions Commission of BC and as Chair of the Canadian Institute of Chartered Accountants.

Board and Committees	Date Joined	Attendance at Meetings during 2015
Board of Directors	April 2013	6 of 6
Audit Committee	April 2013	4 of 4
Governance, Compensation and Nominating Committee	April 2013	1 of 1

Corporate Cease Trade Orders and Bankruptcies

Except as set out below in respect of Terry A. Lyons and Lenard F. Boggio, no proposed director of the Company:

a) is, as of the date of this Circular, or has been, within ten years before the date of this Circular, a director, chief executive officer or chief financial officer of a company (including the Company) that

i. was subject to an order (a cease trade order, order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

ii. was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

b) is, at the date of this Circular, or has been within ten years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to holds its assets; or

c) has, within ten years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Terrence A. Lyons was the President and a director of FT Capital Ltd. ("FT") which was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec for failure to file financial statements for the financial years ended December 31, 2001 and subsequent periods. At the request of Brascan Financial Corporation (now Brookfield Asset Management Inc. ("Brookfield")), Mr. Lyons joined the board of FT and was appointed its President in 1990 in order to assist in its financial restructuring. In June 2009, FT was wound up and Mr. Lyons resigned as a director. Mr. Lyons was also a director of Royal Oak Ventures Inc. ("Royal Oak") at the request of Brookfield, which was subject to cease trade orders in each of the provinces of British Columbia, Alberta, Ontario and Quebec due to the failure of Royal Oak to file financial statements since the financial year ended December 31, 2003. After restructuring, the cease trade orders were lifted on July 4, 2012. Royal Oak was privatized by Brookfield effective December 31, 2013. Mr. Lyons was elected to the board of directors of each of FT and Royal Oak because of his valuable experience and expertise in financial restructurings in the insolvency context.

Lenard F. Boggio was a director of Great Western Minerals Group Ltd. ("GWMG") from January 2013 until his resignation together with all the then current directors in July 2015. On April 30, 2015, GWMG announced that a support agreement was entered into with the holders of a majority of GWMG's secured convertible bonds and GWMG was granted protection from its creditors under the CCAA upon receiving an initial order from the Ontario Superior Court of Justice Commercial List. On May 11, 2015, an order was issued by the Financial and Consumers Affairs Authority of the Province of Saskatchewan that all trading in the securities of GWMG be ceased due to its failure to file financial statements for the year ended December 31, 2014. In December 2015, the Monitor of GWMG issued a press release announcing that it had filed an assignment in bankruptcy on behalf of GWMG.

Penalties and Sanctions

Other than as set out herein, no proposed director of the Company 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 or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding to vote for a proposed director.

2.3. APPOINTMENT OF AUDITORS

In accordance with the recommendations of the Company's Audit Committee, the Board recommends that shareholders vote for the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants, as the Company's auditors to hold office until the next annual general meeting of shareholders of the Company. PricewaterhouseCoopers LLP was first appointed as the Company's auditor on December 22, 2000.

2.4. APPROVAL OF INCENTIVE PLANS

Incentive Stock Option Plan and Deferred Unit Plan

At the 2015 Annual General and Special Meeting of shareholders of the Company held on June 9, 2015 (the "2015 Annual General Meeting"), the proposed resolution to amend, restate and reconfirm the Company's previous Incentive Stock Option Plan as such plan was amended and restated from time to time ("**Polaris Option Plan**") was withdrawn at the meeting on the basis that there was insufficient support. As a result, no further grants of options are permitted under the Polaris Option Plan and the Company currently does not have a security-based compensation plan to allow for equity compensation grants to its directors, officers, employees or consultants.

On April 26, 2016, the directors of the Company adopted a new Stock Option Plan of the Company dated as of April 26, 2016 (the "2016 Option Plan"), to allow the Company to grant options to certain directors, officers, employees and consultants of the Company, other than directors who are not otherwise employees, and an Independent Director Deferred Unit Plan dated as of April 26, 2016 (the "Deferred Unit Plan"), to allow the Company to grant deferred units to the non-employee directors of the Company. In accordance with TSX policies, the Company is required to seek shareholder approval of the implementation of any security based compensation plans. Accordingly, at the Meeting, the Company will be seeking shareholder approval of the 2016 Option Plan and the Deferred Unit Plan, as more particularly described below. The 2106 Option Plan and the Deferred Unit Plan are intended to make the Company's compensation strategy more consistent with comparable issuers and to better align with the requirements of institutional investors.

As of the date hereof, there are no options outstanding under the 2016 Option Plan, no deferred units outstanding under the Deferred Unit Plan and options to acquire 4,547,542 common shares, representing approximately 5.1% of the issued and outstanding common shares, outstanding under the Polaris Option Plan.

The 2016 Option Plan reserves for issuance, when taken together with common shares reserved for issuance pursuant to all of the Company's security based compensation arrangements then either in effect or proposed, a maximum of 10% of the issued and outstanding common shares pursuant to options granted under the 2016 Option Plan, being up to 8,833,468 common shares. At the date of this Management Information Circular, up to 4,285,926 common shares are reserved for issuance pursuant to options granted under the 2016 Option Plan, subject to up to 1,766,693 common shares reserved for issuance pursuant to deferred units granted under the Deferred Unit Plan.

The Deferred Unit Plan reserves for issuance a maximum of 2% of the issued and outstanding common shares pursuant to deferred units granted under the Deferred Unit Plan, being up to 1,766,693 common shares.

Approval of 2016 Stock Option Plan

At the Meeting, the Shareholders will be asked to pass resolutions to approve the 2016 Option Plan as more particularly described below. A copy of the 2016 Option Plan is attached to this Circular as *Schedule B* and may be obtained by any shareholder by request to the Secretary of the Company at Suite 2740, PO Box 11175, 1055 West Georgia Street, Vancouver, BC, V6E 3R5 or by email to info@polarismaterials.com. The following is a summary of the 2016 Option Plan.

The purpose of the 2016 Option Plan is to attract and retain superior directors (other than non-employee directors), officers, advisors, employees and other persons or companies engaged to provide ongoing services to the Company as incentive for such persons to put forth maximum effort for the continued success and growth of the Company and, in combination with these goals, to encourage their participation in the performance of the Company.

The 2016 Option Plan reserves for issuance pursuant to options granted under the 2016 Option Plan, when taken together with common shares reserved for issuance pursuant to all of the Company's security based compensation arrangements then either in effect or proposed, a maximum of 10% of the issued and outstanding common shares. Options which have expired, were cancelled or otherwise terminated without having been exercised, and those which have been exercised, are available for subsequent grants under the 2016 Option Plan.

The 2016 Option Plan provides that the Board of Directors may, from time to time, grant options to acquire all or part of the common shares subject to the 2016 Option Plan to directors (other than non-employee directors), officers, advisors, employees, and other persons or companies engaged to provide ongoing services to the Company or a related entity of the Company. The options are non-assignable and non-transferable other than by will or by laws governing the devolution of property in the event of death. Each option entitles the holder to purchase one common share. The exercise price for options granted pursuant to the 2016 Option Plan is determined by the Board of Directors on the date of the grant, which price may not be less than the market value. Market value is defined under the 2016 Option Plan as the closing price of the common shares on the TSX on the trading day immediately preceding the grant day and, if there is no closing price, the price of the last sale prior thereto. The term of the options granted is determined by the Board of Directors, which term may not exceed a maximum of ten years from the date of the grant. If an option expires during a black-out period, then the option shall expire 10 business days after the black-out period is lifted by the Company. The Board also has the authority to determine the vesting conditions of the options and certain other terms and conditions of the options. Options granted under the 2016 Option Plan may be exercised as soon as they have vested. The 2016 Option Plan does not contemplate that the Company will provide financial assistance to any optionee in connection with the exercise of options.

In accordance with the rules of the 2016 Option Plan, options granted under the 2016 Option Plan are subject to certain restrictions which include:

a) The number of common shares which may be reserved for issuance pursuant to options granted under the 2016 Option Plan to any one person in any one year may not exceed 5% of the common shares issued and outstanding on a non-diluted basis from time to time;

b) The number of common shares which may be reserved for issuance pursuant to the 2016 Option Plan (or any other share compensation arrangement) to all insiders of the Company may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time; and

c) The number of common shares which may be issued pursuant to the 2016 Option Plan (or any other share compensation arrangement) to all insiders of the Company within a one-year period may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time.

An optionee whose employment with the Company is terminated as a result of retirement, disability or redundancy will have 60 days from the date of termination to exercise any options that had vested as of the termination date. An optionee whose employment with the Company is terminated, other than for cause, at any time in the six months following a change of control of the Company, shall have 90 days from the date of termination to exercise any options granted, and all options granted will immediately vest on the date of the termination. In the event of the death of an optionee, either prior to termination or after retirement or disability, the optionee's legal representative will have one year from the date of the optionee's death to exercise any options that had vested on the date of the optionee's death. In the event of any other termination, the optionee shall have 30 days from the date of termination to exercise any options that had vested as of the termination date. In the event that an optionee is terminated for cause, any options not exercised prior to the termination date shall lapse. Notwithstanding the foregoing, no option shall be exercisable following the expiration of the option period applicable thereto.

In the event that the Company:

a) subdivides, consolidates or reclassifies the Company's outstanding common shares, or makes another capital adjustment or pays a stock dividend, the number of common shares receivable under the 2016 Option Plan will be increased or decreased proportionately; or

b) amalgamates, consolidates with or merges with or into another body corporate, holders of options under the 2016 Option Plan will, upon exercise thereafter of such option, be entitled to receive and compelled to accept, in lieu of common shares, such other securities, property or cash which the holder would have received upon such amalgamation, consolidation or merger if the option was exercised immediately prior to the effective date of such amalgamation, consolidation or merger.

Subject, where required, to the approval of the TSX, and/or applicable securities regulatory authorities, the Board may, from time to time, amend, suspend or terminate the 2016 Option Plan in whole or in part. In addition, the 2016 Option Plan and any outstanding options may be amended or terminated by the Board if the amendment or termination is required by any securities regulatory, a stock exchange or a market as a condition of approval to a distribution to the public of the common shares or to obtain or maintain a listing or quotation of the common shares.

The Board may also, subject where required to approval of applicable regulatory authorities, the TSX and shareholders, amend or revise the terms of the 2016 Option Plan or any existing option without obtaining shareholder approval in the following circumstances, provided that, in the case of any option, no such amendment or revision may, without the consent of the optionee, materially decrease the rights or benefits accruing to such optionee or materially increase the obligations of such optionee:

a) amendments of a "housekeeping" nature including, but not limited to, of a clerical, grammatical or typographical nature;

b) to correct any defect, supply any information or reconcile any inconsistency in the 2016 Option Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the 2016 Option Plan;

c) a change to the vesting provisions of any option or the 2016 Option Plan;

d) amendments to reflect any changes in requirements of any applicable regulatory authority or the TSX to which the Company is subject;

e) a change to the termination provisions of an option following a termination of employment, engagement or directorship of an optionee which does not result in an extension beyond the original option period;

f) in the case of any option, such amendments or revisions contemplated in the adjustment on alteration of share capital provision of the 2016 Option Plan;

g) amendments to the definition of change of control for the purposes of the 2016 Option Plan;

h) the addition of a cashless exercise feature, payable in cash or securities of the Company; and

i) a change to the class of eligible persons that may participate under the 2016 Option Plan, except any amendment to the class of eligible persons to include Non-Employee Directors.

Notwithstanding the above, no amendments to the following matters may be made by the Board without the Company first obtaining shareholder approval:

a) increase the number of common shares reserved for issuance;

b) amend the amendment provisions;

c) any amendment which would permit options granted under the 2016 Option Plan to be transferable or assignable otherwise than, by will or by the law governing the devolution of property, to the optionee's executor, administrator or other personal representative in the event of death of the optionee;

d) any amendment to the class of persons that may participate under the Plan to include Non-Employee Directors; and

e) amend provisions setting out insider participation limits of the 2016 Option Plan.

The foregoing summary is subject to the specific provisions of the 2016 Option Plan attached as *Schedule B* hereto.

Failure to obtain securityholder approval at this year's Meeting would result in the Company not being permitted to make grants under the 2016 Option Plan until the securityholder approval is obtained. In accordance with TSX policies, the Company will also be required to seek shareholder approval with respect to the 2016 Option Plan every three years.

Shareholders will therefore be requested to approve the following resolution:

"WHEREAS:

1. The Board of Directors adopted, effective April 26, 2016, an incentive stock option plan (the "Option Plan"), which reserves for issuance a maximum of 10% of the total number of issued and outstanding common shares and does not have a fixed maximum number of common shares issuable;

2. the rules of Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement that do not have a fixed number of maximum securities issuable be approved by shareholders on implementation and every three (3) years thereafter; and

3. the Board of Directors wishes to implement the Option Plan.

NOW THEREFORE, BE IT RESOLVED THAT:

1. The Option Plan in the form attached to the Company's Management Information Circular dated April 26, 2016 providing for the granting of options under the Option Plan is hereby approved;

2. all unallocated options, rights or other entitlements under the Option Plan be and are hereby approved;

3. the Company has the ability to continue granting options under the Option Plan until June 7, 2019, that is until the date that is three (3) years from the date where shareholder approval is being sought at this Meeting; and

4. any one or more directors or officers of the Company be and is hereby authorized to execute any other documents as such one or more directors or officers deems necessary to give effect to the foregoing resolutions."

Management of the Company recommends that shareholders vote **IN FAVOUR** of the foregoing resolutions, and the persons named in the enclosed form of proxy intend to vote for the approval of the foregoing resolutions at the Meeting unless otherwise directed by the Shareholders appointing them.

Approval of Deferred Unit Plan

At the Meeting, the Shareholders will be asked to pass resolutions to approve the Deferred Unit Plan as more particularly described below. A copy of the Deferred Unit Plan is attached to this Circular as *Schedule C* and may be obtained by any shareholder by request to the Secretary of the Company at Suite 2740, PO Box 11175, 1055 West Georgia Street, Vancouver, BC, V6E 3R5 or by email to info@polarismaterials.com. The following is a summary of the Deferred Unit Plan.

The purpose of the Deferred Unit Plan is to promote the alignment of interests between the Shareholders of the Company and the independent directors of the Company, being the members of the board of directors of the Company who are not also employees of the Company or the Company's affiliates, and to provide an equity component to such director's total compensation package designed to attract and retain qualified independent directors.

The number of common shares that may be reserved for issuance pursuant to deferred units granted under the Deferred Unit Plan and the number of deferred units granted under the Deferred Unit Plan shall not exceed a maximum of 2% of the issued and outstanding common shares. Deferred units which have expired, were cancelled or otherwise terminated without having been exercised, and those which have been exercised are available for subsequent grants under the Deferred Unit Plan.

The Deferred Unit Plan provides that an independent director, defined as a member of the Board of Directors of the Company who is not also an employee of the Company or the Company's affiliates, may elect to receive up to 100% of such director's fees in a particular year in the form of deferred units in lieu of cash by filing an election notice prior to December 15 of the calendar year prior to the year in which the services giving rise to such fees are performed or, if a new director, within 30 days of appointment. The election notice is deemed to be the election until a further election notice is filed. The value of each deferred unit on the date of grant is equal to the market value of the common shares on the trading day immediately prior to the date of grant. Market value is defined in the Deferred Unit Plan as the five day volume weighted average trading price of the common shares on the TSX, calculated by dividing the total value by the total volume of the common shares traded for on the TSX for the five trading days immediately preceding the relevant date that the common shares were traded on, provided that if the common shares are suspended from trading or have not traded on the TSX for an extended period of time, then the market value will be the fair market value of a common shares as determined by the Board in its sole discretion.

Notwithstanding the filing of an election notice, the deferred units are granted by the Board of Directors in its sole discretion and the independent directors are not entitled to a grant until the grant is approved by the Board of Directors, subject to the value of any deferred units granted with respect of directors fees not being greater than the percentage amount elected to be received in deferred units in the election notice. The Board also has the authority to determine other terms and conditions of the deferred units. If deferred units are inadvertently granted during a black-out period, then the grant date will be deemed to be the fourth trading day following the end of the black-out period.

The deferred units are non-assignable and non-transferable other than by will or by laws governing the devolution of property in the event of death.

Deferred units will become redeemable on the earlier of the date where the holder ceases to be a member of the Board of Directors for any reason whatsoever including resignation, disability, death, retirement, or loss of office as a director and the date on which the holder is neither an employee nor a member of the board of directors of the Company or any corporation related to the Company for the purposes of the *Income Tax Act*. On or after such date, the holder of the deferred units may redeem such deferred units at any time prior to the end of the first calendar year commencing after the calendar year of such date. On the date such deferred units are redeemed, the holder of such deferred units will receive either: (a) if the Deferred Unit Plan obtains shareholder approval at this Meeting (and obtains shareholder approval every three years in accordance with TSX policies), a whole number of common shares equal to the whole number of deferred units of such holder, or (b) if shareholder approval of the Deferred Unit Plan is not obtained at this Meeting, a cash payment equal to the market value of such deferred units.

If cash dividends are paid on the common shares, that number of additional deferred units will be credited to a holder of deferred units that equals the total cash dividends that would have been paid if such holder's deferred units had been common shares as of the relevant record date divided by the market value on the trading day immediately after the record date.

In accordance with the rules of the Deferred Unit Plan, deferred units granted under the Deferred Unit Plan are subject to certain restrictions which include:

a) The number of common shares which may be reserved for issuance pursuant to the Deferred Unit Plan to may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time;

b) The number of common shares which may be reserved for issuance pursuant to the Deferred Unit Plan to all insiders of the Company may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time;

c) The number of common shares which may be issued pursuant to the Deferred Unit Plan to all insiders of the Company within a one-year period may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time; and

d) The issuance or grant to any one participant within a one-year period, of an aggregate number of deferred units and common shares issuable or reserved for issuance exceeding a market value on the grant date of $150,000.

when taken together with common shares reserved for issuance pursuant to all of the Company's other security based compensation arrangements.

In the event that the Company:

a) subdivides, consolidates or reclassifies the Company's outstanding common shares, or makes another capital adjustment or pays a stock dividend, the number of common shares receivable under the Deferred Unit Plan will be increased or decreased proportionately; or

b) amalgamates, consolidates with or merges with or into another body corporate, holders of deferred units under the Deferred Unit Plan will, upon redemption thereafter of such deferred units, be entitled to receive and compelled to accept, in lieu of common shares, such other securities, property or cash which the holder would have received upon such amalgamation, consolidation or merger if the deferred unit was exercised immediately prior to the effective date of such amalgamation, consolidation or merger or in lieu of a cash payment, the cash payment shall be equal to the fair market value of such other securities,

property or cash which the holder would have received upon such amalgamation, consolidation or merger if the deferred unit was exercised immediately prior to the effective date of such amalgamation, consolidation or merger.

Subject, where required, to the approval of the TSX, and/or applicable securities regulatory authorities, the Board may, from time to time, amend, suspend or terminate the Deferred Unit Plan in whole or in part.

In the event of a change of control (as defined in the Deferred Unit Plan), all deferred units that are not vested shall vest immediately and automatically without further action by the Board of Directors, subject to any restrictions imposed by the TSX.

The Board may also, subject where required to approval of applicable regulatory authorities, TSX and shareholders, amend or revise the terms of the Deferred Unit Plan or any existing deferred unit without obtaining shareholder approval in the following circumstances, provided that, in the case of any deferred unit, no such amendment or revision may, without consent of the holder, materially decrease the rights or benefits accruing to such holder or materially increase the obligations of such holder:

a) amendments of a "housekeeping" nature including, but not limited to, of a clerical, grammatical or typographical nature;

b) to correct any defect, supply any information or reconcile any inconsistency in the Deferred Unit Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Deferred Unit Plan;

c) a change to the vesting provisions of any deferred unit or the Deferred Unit Plan;

d) amendments to reflect any changes in requirements of any applicable regulatory authority or the TSX to which the Company is subject;

e) in the case of any deferred unit, such amendments or revisions contemplated in the adjustment or alteration of share capital provision of the Deferred Unit Plan; and

f) a change to the class of eligible persons that may participate under the Deferred Unit Plan.

Notwithstanding the above, no amendments to the following matters may be made by the Board without the Company first obtaining shareholder approval:

a) increase the number of common shares reserved for issuance;

b) amend the amendment provisions;

c) any amendment which would permit deferred units granted under the Deferred Unit Plan to be transferable or assignable otherwise than, by will or by the law governing the devolution of property, to the holder's executor, administrator or other personal representative in the event of death of the holder;

d) amend any deferred unit granted under the Deferred Unit Plan to extend the redemption date beyond the original redemption date (for both Insider and non-Insider grants); and

e) amend the number of common shares reserved for issuance and insider participation and non-employee director limits of the Deferred Unit Plan.

The foregoing summary is subject to the specific provisions of the Deferred Unit Plan attached as *Schedule C* hereto.

Failure to obtain securityholder approval at this year's Meeting would result in the Company not being permitted to issue common shares upon the redemption of deferred units issued pursuant to the Deferred Unit Plan and therefore such deferred units would only be redeemable for a cash payment equal to their market value. In accordance with TSX policies, the Company will be required to seek shareholder approval with respect to the Deferred Unit Plan every three years in order to issue common shares upon the redemption of deferred units issued pursuant to the Deferred Unit Plan.

Shareholders will therefore be requested to approve the following resolution:

> "WHEREAS:
>
> 1. The Board of Directors adopted, effective April 26, 2016, a deferred unit plan (the "Deferred Unit Plan"), which, if approved by shareholders, reserves for issuance a maximum of 2% of the total number of issued and outstanding common shares and does not have a fixed maximum number of common shares issuable;
>
> 2. the rules of Toronto Stock Exchange provide that all unallocated options, rights or other entitlements under a security-based compensation arrangement that do not have a fixed number of maximum securities issuable be approved by shareholders on implementation and every three (3) years thereafter; and
>
> 3. the Board of Directors wishes to implement the Deferred Unit Plan.
>
> NOW THEREFORE, BE IT RESOLVED THAT:
>
> 1. the Deferred Unit Plan in the form attached to the Company's Management Information Circular dated April 26, 2016 providing for the granting of deferred units redeemable for common shares of the Company under the Deferred Unit Plan is hereby approved;
>
> 2. all unallocated deferred units, options, rights or other entitlements under the Deferred Unit Plan be and are hereby approved;
>
> 3. the Company has the ability to continue granting deferred units redeemable for common shares of the Company under the Deferred Unit Plan until June 7, 2019, that is until the date that is three (3) years from the date where shareholder approval is being sought; and
>
> 4. any one or more directors or officers of the Company be and is hereby authorized to execute any other documents as such one or more directors or officers deems necessary to give effect to the foregoing resolutions."

Management of the Company recommends that shareholders vote **IN FAVOUR** of the foregoing resolutions, and the persons named in the enclosed form of proxy intend to vote for the approval of the foregoing resolutions at the Meeting unless otherwise directed by the Shareholders appointing them.

2.5. APPROVAL REQUIREMENTS

The foregoing resolutions will require approval by a majority of votes cast on the matter at the Meeting.

3. STATEMENT OF EXECUTIVE COMPENSATION

3.1. COMPENSATION DISCUSSION AND ANALYSIS

Compensation Strategy

The Company's general approach with regard to executive compensation is to recognize the need to retain high caliber executives by providing market competitive salaries; to reward individual and corporate performance via annual bonus awards; and to motivate executives over the long term to remain with the Company and enhance shareholder value through incentive stock options and, in some instances, milestone bonuses.

Polaris first engaged the services of Roger Gurr & Associates, an independent compensation consultant, in 2007 for the purpose of establishing an executive compensation policy. In January 2014, Polaris retained Roger Gurr & Associates to review and make recommendations regarding executive compensation in view of the Company's improving financial circumstances and reliance on a small group of executive managers. A group of eighteen companies was accepted by the Board, for benchmarking purposes. Polaris represents a somewhat unique entity amongst North American public companies and therefore the comparator group was selected by considering a number of parameters that included market capitalization, operational status, revenue and employee numbers and reporting issuer status. The results of the review and recommendations arising were presented at the Company's annual Compensation Committee meeting in June 2014.

2014 Comparator Group

ADF Group Inc.	Luna Gold Corp.
Alexco Resource Corp.	Richmont Mines Inc.
Aurcana Corp.	San Gold Corp.
Banro Corp.	Silvercrest Mines Inc.
Brampton Brick Ltd.	Sirocco Mining Inc.
Excellon Resources Inc.	U.S. Silver & Gold Inc.
Forbes and Manhattan Coal Corp.	United States Lime & Minerals Inc.
Great Panther Silver Ltd.	Wesdome Gold Mines Inc.
Lipari Energy, Inc.	Xinergy Ltd.

In 2015, Roger Gurr & Associates was engaged for the purpose of establishing a revised equity compensation policy following the Polaris Option Plan not obtaining shareholder approval at the 2015 Annual General Meeting. Pursuant to Roger Gurr & Associates' recommendations, at the Meeting, shareholders will be asked to pass resolutions to approve the 2016 Option Plan and the Deferred Unit Plan. (See Section 2.4 – *Approval of Inventive Plans*).

Compensation consultant fees

The aggregate fee billed for professional services rendered by Roger Gurr & Associates, an independent compensation consultant, for the years ended December 31, 2015 and 2014 were as follows:

Fiscal year ended December 31,	**2015**	**2014**
Executive Compensation-Related Fees	CAD$23,000	CAD$18,500

All Other Fees	Nil	Nil
Total Fees	**CAD$23,000**	**CAD$18,500**

Compensation Committee

The Company has a Governance, Compensation and Nominating Committee (referred to in this section as the "Compensation Committee"), the current members of which are Marco A. Romero (Chair), Eugene P. Martineau, and Lenard F. Boggio, all independent directors.

The Compensation Committee is charged with establishing a remuneration and benefits plan for directors, executives and other key employees. To that end, the Compensation Committee is responsible for establishing the Company's general compensation philosophy, overseeing the development and implementation of compensation programs, review and approve corporate goals and objectives relevant to the compensation of the CEO and evaluate the performance of the CEO in light of those goals and objectives, and to recommend stock option grants to the Board for approval. The Compensation Committee has largely based its executive compensation decisions upon the recommendations of the Company's President and CEO (the "CEO"), however, for the year commencing July 1, 2014, Roger Gurr & Associates, the independent consultant, reviewed and provided the primary guidance.

Adjustments

There are no formal policies in place regarding the adjustment or recovery of compensation payments or payables if the conditions on which compensation is based are restated or adjusted to reduce the compensation payment or payable. Given that compensation is not determined on the basis of specific or measurable performance goals, there would be no situation in which an adjustment or recovery could be carried out.

Hedging

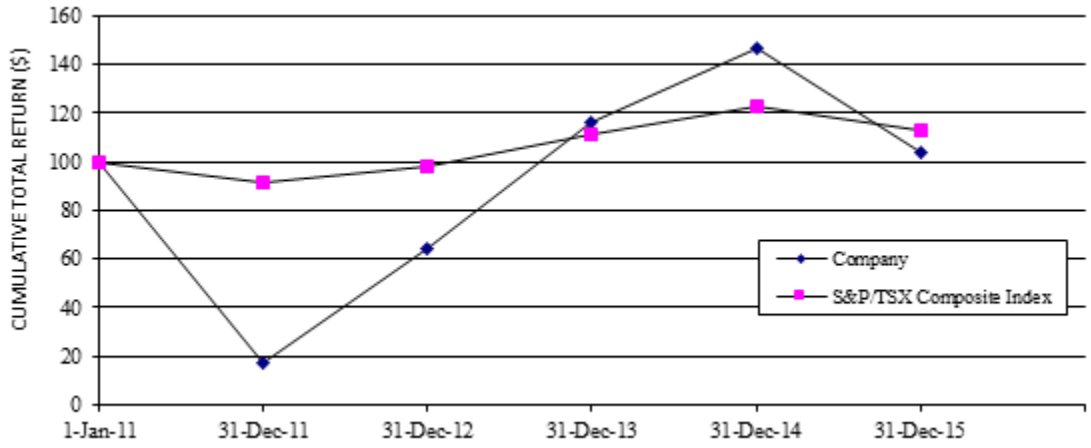
The Company does not have a policy with regard to Named Executive Officers ("NEOs" as later defined) and director purchases of financial instruments designed to hedge or offset a decrease in the market value of Company securities held by NEOs and directors.

Risk

The Company's executive compensation structure is currently comprised of simple and straightforward elements that carry little or no risk which would or might cause the NEOs to take risks that are inappropriate to or would have an adverse effect on the Company. No change has been made to the Company's compensation strategy for several years and, therefore, the Compensation Committee and the Board have not carried out an assessment of the risks associated with the Company's executive compensation policies and practices.

Performance graph

The following graph illustrates the cumulative shareholder return on $100 invested in the Company's common shares relative to the cumulative return on the S&P/TSX Composite Index for the five most recently completed financial years.



	Investment	January 1, 2011	December 31, 2011	December 31, 2012	December 31, 2013	December 31, 2014	December 31, 2015
Company	$100.00	$100.00	$17.42	$64.52	$116.14	$146.46	$99.36
S&P/TSX Composite Total Return Index	$100.00	$100.00	$91.54	$98.12	$110.86	$122.56	$112.37

Compensation In Relation To Shareholder Return

After an industry-wide, decline in market demand for construction aggregates, which began in 2007 and continued for three years before bottoming out mid-2011, the Company has experienced a gradual recovery in sales volumes since the second half of 2011 through to 2014. In 2015, the Company experienced a slight decline in sales volumes due to an unplanned reduction in customer orders. The Company has reported increased gross profits during the five year period from 2011 to 2015, the result of a combination of increased volumes and selling prices. During 2012, 2013 and 2014, the Company's share price saw a corresponding significant increase. More recently, in 2015, the Company's share price declined on lower volume expectations. The Company's fortunes are reliant not only upon sales volume, but also upon its ability to raise selling prices in the future, a scenario that requires a significant and sustained recovery in construction output in its primary market of northern California.

During the comparative five year period from 2011 to 2015, the S&P/TSX Composite Total Return Index (the "TSX Composite") reflected the moderate economic performance experienced in Canada and more recently, the slowing of the Canadian economy. The Company's financial performance, however, is more closely tied to the economy of the United States and more specifically California, which experienced better relative economic performance than the overall Canadian economy during portions of the comparative period. In 2015, the Company experienced declining volumes due to an unplanned reduction in customer orders, a factor which was specific to the Company and independent of broader market performance; therefore, the Company's share price declined relative to the TSX Composite. As the Company has a smaller market capitalization and higher risk profile than an average company included in the TSX Composite, the Company's share price has been more volatile than that of the TSX Composite.

The earlier unprecedented economic and market challenges faced by the Company, along with its liquidity position, made it appropriate for Polaris to conserve cash in all areas and operate with the minimum possible overhead. No annual incentive bonuses were paid in 2012 and 2013 although modest bonuses were paid on

December 31 of each year together with "cost of living" increases in executive base salaries implemented with an effective date of July 1 of each year. The Company implemented salary adjustments during 2014 and paid incentive bonuses in December 2014, although both of these were below the target levels derived from the benchmarking study of Roger Gurr & Associates. In 2015, the Company implemented salary adjustments due to management restructurings and also paid bonuses which were below contracted target levels or the recommendations of the prior year's study by Roger Gurr & Associates.

Elements of Executive Compensation

The elements of the compensation structure for Named Executive Officers ("NEOs" as defined under *Summary Compensation Table* below) include: 1) base salary, 2) annual bonus awards, 3) milestone bonuses, 4) incentive stock options, and 5) retirement plan contributions, personal benefits and perquisites.

1) Base salary

The primary element of the Company's executive compensation is base salary. As previously noted, Polaris engaged the services of an independent compensation consultant in January 2014 and has implemented the recommendations in respect of NEO base salaries as a basis for the customary annual review in June 2014. Salary increases from 2009 to 2014 have been conservative in light of both industry market conditions and the Company's financial position. (See *Compensation In Relation To Shareholder Return.*)

Specific, measurable corporate or individual performance goals based on objective, identifiable measures have not been set as a basis for determining salary although the Company plans to transition to a compensation plan which includes objective measures during 2015. The Board approves annual operating and capital expenditure budgets prepared by management as a measure for performance on a monthly, quarterly and annual basis and the CEO informally communicates corporate priorities on a subjective basis during day to day operations and planning. The NEOs participate in occasional meetings attended by executive and senior management during which corporate priorities may be discussed.

Annually, the Company's CEO provides recommendations to the Compensation Committee regarding potential base salary changes for all NEOs. The CEO's recommendations have, prior to 2014, been based on his subjective evaluation of each NEO's performance over the previous year and the Company's need to retain its small team of key executives. In 2015, these recommendations by the CEO, together with those arising from the Roger Gurr & Associates 2014 report guided the Compensation Committee in determining the amount of base salary for each NEO.

2) Annual bonus awards

Polaris does not currently have comparable compensation data to assist in determining NEO appropriate annual bonus awards. As detailed later in this section, most NEO employment agreements refer to annual bonus award amounts, whether in fixed dollars or as a percentage of base salary; however, the Company has not yet established any corporate or individual pre-determined and approved targets or objectives on which to base the determination of annual bonus award amounts. Annually, the Company's CEO provides recommendations to the Compensation Committee regarding potential annual bonus awards for all NEOs. These recommendations are based on a subjective evaluation of each NEO's performance over the previous year as well as the Company's ability to fund potential bonuses. Based on these recommendations, and at its discretion, the Compensation Committee determines the amount of annual bonuses, if any, to be awarded to each NEO.

3) Milestone Bonuses

Milestone bonuses, established prior to the Company commencing to operate, are currently contracted for Mr. Wilson, as disclosed elsewhere in *Director's Compensation*, in order to encourage and recognize the commitment of specific individuals to develop the Company, and are awarded upon the achievement of specific and measurable goals related to the Company's long term performance.

4) Incentive Stock Options

At the 2015 Annual General Meeting, the proposed resolution to amend, restate and reconfirm the Polaris Option Plan was withdrawn at the meeting on the basis that there was insufficient support. Therefore, the Company does not currently have an incentive stock option plan pursuant to which it can grant options. Prior to 2015, annually, the Company's CEO provided recommendations to the Compensation Committee regarding potential incentive stock options grants for all NEOs. Polaris did not have comparable compensation data to consider in the determination of NEO incentive stock option awards. Rather, the CEO's recommendations were based on a subjective evaluation of each NEO's performance, the number of incentive stock options available to be granted, the number of options previously granted to each NEO and the market value of the Company's common shares. The Company had not established any corporate or individual pre-determined and approved targets or objectives on which to base the consideration of incentive stock option rewards. Based on the CEO's recommendations and at its discretion, the Compensation Committee then made its recommendations to the Board with regard to the potential granting of options, including the number of options to be granted, grant date and vesting terms. All option grants were approved by the Board in accordance with the Company's Polaris Option Plan. Because of the Company's stock market performance during this period of severe recession, many of the currently outstanding stock options remain 'out of the money'.

Options were not granted if the Company was under a trading black-out in accordance with its corporate disclosure policy (see *Report on Corporate Governance – Ethical Business Conduct*). If a trading black-out was in effect at a time when the Board would otherwise grant options, such option grants were postponed until the conclusion of the trading black-out at which time the grant date of such options was set at two full trading days after the conclusion of the trading black-out in accordance with the corporate disclosure policy.

At the Meeting, shareholders will be asked to pass resolutions to approve the 2016 Option Plan as more particularly described above in Section 2.4 – *Approval of Incentive Plans*. Following recommendations of Roger Gurr & Associates, an independent compensation consultant, the Company will seek approval to establish the 2016 Option Plan to replace the Polaris Option Plan.

5) Retirement plan contributions, personal benefits and perquisites

The Company matches employee contributions, up to three or five percent, in a Company-provided group RRSP for Canadian employees and up to six percent in a Company-provided 401(k) for American employees (collectively referred to as retirement plan contributions). This benefit is offered to all permanent full time employees of the Company and its subsidiary companies. Participation is voluntary to all employees.

Personal benefits provided to the NEOs, being group health and life insurance, are available to all permanent full time employees of the Company and its subsidiary companies.

Other perquisites are provided to NEOs as compensation for those specific positions. During the financial years reported herein, none of the NEOs received any perquisites which, in the aggregate, were greater than US$50,000 or 10% of the respective NEO's salary.

3.2. SUMMARY OF COMPENSATION

Currency

The Company's reporting currency is the United States dollar ("US$"). The base salaries, annual bonus awards, milestone bonuses, retirement plan contributions, perquisites and personal benefits paid to the Company's Canadian based NEOs are paid in Canadian dollars ("CAD$") and the same are paid to American based NEOs in US$. All incentive stock options are granted and exercisable in CAD$. Both currencies are provided in this *Statement of Executive Compensation* in order to facilitate an understanding of the compensation under discussion.

For the purpose of the Company's financial reporting, and used in the disclosure herein, CAD$ amounts are translated to US$ using the three-month average exchange rate in each respective quarter. These exchange rates are used for all compensation reported herein, other than option based awards, and are as follows:

For the year ended December 31, 2015	Q1-2015	CAD$1.00 = US$0.8057
	Q2-2015	CAD$1.00 = US$0.8136
	Q3-2015	CAD$1.00 = US$0.7639
	Q4-2015	CAD$1.00 = US$0.7490
For the year ended December 31, 2014	Q1-2014	CAD$1.00 = US$0.9059
	Q2-2014	CAD$1.00 = US$0.9173
	Q3-2014	CAD$1.00 = US$0.9181
	Q4-2014	CAD$1.00 = US$0.8801
For the year ended December 31, 2013	Q1 2013	CAD$1.00 = US$0.9915
	Q2 2013	CAD$1.00 = US$0.9770
	Q3 2013	CAD$1.00 = US$0.9632
	Q4 2013	CAD$1.00 = US$0.9526

Translation rates for the purpose of calculating the value of option based awards are December 31 spot rates as follows:

2015	CAD$1.00 = US$0.7193
2014	CAD$1.00 = US$0.8620
2013	CAD$1.00 = US$0.9402

Fair Value

The fair value of options granted is established in accordance with International Financial Reporting Standards, IFRS 2 using the Black-Scholes option pricing model. During 2015 the Company did not grant any options.

During 2014, the Company granted options with the following assumptions:

Average risk free rate:	1.60%
Expected life:	5 years
Expected volatility:	84.8%
Expected dividends:	None

During 2013, the Company granted options with the following assumptions:

Average risk free rate:	1.50% - 2.08%
Expected life:	5.15 – 7.15 years
Expected volatility:	81.3 – 92.2%
Expected dividends:	None

3.3 SUMMARY COMPENSATION TABLE

The following table provides a summary of compensation paid, directly or indirectly, to the following persons, collectively, the Named Executive Officers or NEOs, for the three most recently completed financial years ending December 31, 2015:

(a) Chief Executive Officer ("CEO");

(b) Vice President, Finance and Chief Financial Officer ("CFO");

(c) the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was individually more than $150,000; and

(d) each individual who would be an NEO under (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year.

Name and principal position	Year	Salary (US$)	Share-based Awards (US$)	Option-based Awards (US$)	Non-Equity incentive plan compensation (US$)		Pension Value (US$)	All other compensation (US$)	Total compensation (US$)
					Annual incentive plans (Annual Bonus Awards)	Long-term incentive plans (Milestone Bonuses)			
Kenneth M. Palko President & CEO[1]	2015	200,699	n/a	-	21,675	n/a	n/a	10,082	232,456
	2014	200,938	n/a	156,064	28,446	n/a	n/a	10,049	395,016
	2013	201,905	n/a	106,851	16,924	n/a	n/a	10,099	335,779
Darren K. McDonald Vice President, Finance and CFO	2015	171,479	n/a	-	18,063	n/a	n/a	9,495	199,037
	2014	198,522	n/a	156,064	28,446	n/a	n/a	9,929	392,486
	2013	187,063	n/a	106,851	16,924	n/a	n/a	9,364	320,202
Scott W. Dryden Vice President, Operations	2015	158,142	n/a	-	14,450	n/a	n/a	-	172,592
	2014	63,610	n/a	117,373	8,620	n/a	n/a	-	189,603
Herbert G.A. Wilson[2] former President and CEO	2015	268,110	n/a	-	28,900	-	n/a	-	297,010
	2014	377,535	n/a	312,128	86,200	-	n/a	-	775,863
	2013	307,373	n/a	213,703	28,206	-	n/a	-	549,282
William B. Terry[3] former President and CEO, Eagle Rock Aggregates, Inc.	2015	392,250	n/a	-	-	n/a	n/a	13,059	405,309
	2014	279,550	n/a	156,064	40,000	n/a	n/a	16,020	491,634
	2013	266,675	n/a	106,851	20,000	n/a	n/a	15,697	409,223

(1) Mr. Palko became President and CEO on October 1, 2015.

(2) Mr. Wilson retired from his management position as President and CEO of the Company on September 30, 2015. Mr. Wilson continues his position as a director of the Company and on October 1, 2015 became Executive Vice-Chairman of the Board of Directors.

(3) Mr. Terry retired from his position as President and CEO of Eagle Rock Aggregates Inc. on September 30, 2015. Included in his 2015 salary is $180,000 of severance provided for in his employment contract.

Notes to Summary Compensation Table – Conversion Methods

Salaries paid in CAD$ were translated to US$ using the three-month average exchange rates as identified in the earlier section entitled *Currency and Fair Value*.

All incentive stock options are granted and exercisable in CAD$. Grant date fair value was calculated using the Black-Scholes option pricing model with appropriate assumptions as described in the earlier section entitled *Currency and Fair Value* and then translated to US$ using the Bank of Canada noon exchange rate on the option grant date.

Non-equity incentive compensation (annual bonus awards and milestone bonuses) paid in CAD$ are translated to US$ using the appropriate three-month average exchange rate as identified earlier in *Currency and Fair Value*. No milestone bonuses were awarded in 2015.

Notes to Summary Compensation Table – Named Executive Officer (NEO) Details

Kenneth M. Palko
President and Chief Executive Officer

On December 14, 2007, the Company entered into an employment agreement with Kenneth M. Palko pursuant to which Mr. Palko was appointed Vice President, Technical Services of the Company effective February 18, 2008.

Mr. Palko was appointed as the Company's Chief Executive Officer on October 1, 2015. His employment agreement provides for an annual base salary subject to annual adjustments, and an annual bonus, if any, with a target award of up to 50% of salary subject to approval by the Board of Directors.

The agreement also provides for termination payments and benefits as described later under the section entitled *Termination and Change of Control Benefits.*

All compensation payable to Mr. Palko is paid in CAD$. During the three most recently completed financial years, Mr. Palko earned the following compensation paid in CAD$ (which is reflected in US$ in the earlier *Summary Compensation Table*):

Year	Base Salary (CAD$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (CAD$)	Milestone Bonuses (CAD$)	All Other Compensation (CAD$)
2015	257,500	-	30,000	n/a	12,875
2014	222,000	100,000	33,000	n/a	11,100
2013	208,000	100,000	18,000	n/a	10,400

The amounts under *All Other Compensation* are the Company contributions made to Mr. Palko's RRSP account under the Company's group RRSP.

Darren K. McDonald
Vice President, Finance and Chief Financial Officer

Mr. McDonald joined the Company in January 2009 in the position of Controller. In May 2011, he was appointed Vice President, Finance.

In December 2012, Mr. McDonald was appointed the Company's Chief Financial Officer. On October 1, 2015, Mr. McDonald also became Company Secretary. His employment agreement provides for an annual base salary subject to annual adjustments, and an annual bonus, if any, with a target award of up to 40% of salary subject to approval by the Board of Directors

The agreement also provides for termination payments and benefits as described later under the section entitled *Termination and Change of Control Benefits.*

All compensation payable to Mr. McDonald is paid in CAD$. During the three most recently completed financial years, Mr. McDonald earned the following compensation paid in CAD$ (which is reflected in US$ in the earlier *Summary Compensation Table*):

Year	Base Salary (CAD$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (CAD$)	Milestone Bonuses (CAD$)	All Other Compensation (CAD$)
2015	242,500	-	25,000	n/a	12,125
2014	219,350	100,000	33,000	n/a	10,968
2013	192,850	100,000	18,000	n/a	9,643

The amounts under *All Other Compensation* are the Company contributions made to Mr. McDonald's RRSP account under the Company's group RRSP.

Scott W. Dryden
Vice President, Operations

On July 11, 2014, the Company entered into an employment agreement with Scott W. Dryden pursuant to which Mr. Dryden was appointed Vice President, Business Development commencing on August 15, 2014. The agreement also included the reimbursement of re-location and moving expenses up to a maximum of CAD$50,000 which was paid in 2014.

On October 1, 2015 Mr. Dryden's responsibilities were expanded to include management of Eagle Rock Aggregates Inc. and the Company's Orca Quarry and his title changed to Vice President, Operations. His employment agreement provides for an annual base salary subject to annual adjustments, and an annual bonus, if any, with a target award of up to 30% of salary subject to approval by the Board of Directors.

The agreement also provides for termination payments and benefits as described later under the section entitled *Termination and Change of Control Benefits*.

All compensation payable to Mr. Dryden is paid in CAD$. During the two most recently completed financial years, Mr. Dryden earned the following compensation paid in CAD$ (which is reflected in US$ in the earlier *Summary Compensation Table*):

Year	Base Salary (CAD$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (CAD$)	Milestone Bonuses (CAD$)	All Other Compensation (CAD$)
2015	202,500	-	20,000	n/a	Nil
2014	71,250	85,000	10,000	n/a	44,630[1]

(1) In 2014, All Other Compensation was the cost reimbursed for relocation.

Herbert G. A. Wilson
former President and Chief Executive Officer; Director

Mr. Wilson was appointed Senior Vice President and Chief Operating Officer of the Company under an employment agreement dated May 12, 2004. On July 14, 2008, the Company entered into a second employment agreement with Mr. Wilson which provided that Mr. Wilson would assume the position of President and Chief Executive Officer of the Company effective January 1, 2009 and that, effective July 14, 2008, Mr. Wilson would receive an annual salary, payable in CAD$, of CAD$295,000 subject to subsequent annual adjustments and an annual bonus to a maximum of 45% of base salary, subject to approval by the Board of Directors.

The 2004 employment agreement provided that Mr. Wilson be eligible for certain milestone bonuses which were reconfirmed in the 2008 employment agreement, consisting of CAD$200,000 upon first achieving the sale of two million tonnes of construction aggregates from the Company's projects within a calendar year. This milestone was achieved, and the bonus paid, in 2008. The employment agreements also provided that Mr. Wilson be eligible for

an additional milestone bonus of CAD$200,000 upon first achieving sales from the Company's projects, in aggregate, in excess of four million tonnes within a calendar year, an event which has not yet taken place. On September 30, 2015, Mr. Wilson retired from his management position and the employment agreement ceased along with the termination and change of control benefits provided for; however, he is still eligible to receive the milestone bonus payment if such milestone is met in the next five years (See section entitled *Termination and Change in Control Benefits)*.

All compensation payable to Mr. Wilson is paid in CAD$. During the three most recently completed financial years, Mr. Wilson earned the following compensation paid in CAD$ (which is reflected in US$ in the earlier *Summary Compensation Table*):

Year	Base Salary (CAD$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (CAD$)	Milestone Bonuses (CAD$)	All Other Compensation (CAD$)
2015	367,500	-	40,000	Nil	Nil
2014	417,025	200,000	100,000	Nil	Nil
2013	316,550	200,000	30,000	Nil	Nil

Mr. Wilson has elected not to participate in the RRSP contribution benefit, therefore, compensation under *All Other Compensation* is nil.

Mr. Wilson's compensation was for his executive officer role and prior to his appointment as Executive Vice-Chairman of the Board of Directors, he received no additional compensation for his service as a director.

William B. Terry
former President & Chief Executive Officer, Eagle Rock Aggregates, Inc.

Mr. Terry commenced employment with Eagle Rock Aggregates, Inc., a subsidiary of the Company, on June 28, 2006, as General Manager, California Operations. On January 1, 2009, Mr. Terry was appointed Chief Executive Officer of Eagle Rock Aggregates, Inc., and on July 1, 2014, became President and Chief Executive Officer with no change made to his employment agreement on each occasion.

Mr. Terry's employment agreement provided for an annual base salary, subject to annual adjustments, and an annual bonus, if any, with a target award of US$45,000 to be determined by the Board of Directors of the Company.

On September 30, 2015 Mr. Terry retired from his position and the employment agreement ceased, along with all termination and change of control benefits.

All fees and compensation payable to Mr. Terry are paid in US$ other than incentive stock options which are granted and exercisable in CAD$. During the three most recently completed financial years, Mr. Terry earned the following compensation in US$ (which is also reflected in the earlier *Summary Compensation Table*):

Year	Base Salary (US$)	Number of Option Based Awards (Incentive Stock Options) Granted	Annual Bonus Awards (US$)	Milestone Bonuses (US$)	All Other Compensation (US$)
2015	392,250[1]	-	-	n/a	13,059
2014	279,550	100,000	40,000	n/a	16,020
2013	266,675	100,000	20,000	n/a	15,697

(1) Includes $180,000 of severance provided for in employment contract.

The amounts under *All Other Compensation* are the total Company contributions made to Mr. Terry's 401(k) account under the Company's 401(k).

3.4. INCENTIVE PLAN AWARDS

Incentive Stock Option Plan

The Polaris Option Plan, which is summarized below, was last amended and restated as of May 16, 2006 and was re-confirmed by the shareholders, in accordance with the policies of the TSX at the 2012 Annual General Meeting. At the 2015 Annual General Meeting, the proposed resolution to Polaris Option Plan was withdrawn at the meeting on the basis that there was insufficient support. As a result, no further grants of options are permitted under the Polaris Option Plan. However, options previously granted under the Polaris Option Plan continue to be outstanding and governed by the Polaris Option Plan.

The purpose of the Polaris Option Plan is to attract and retain superior directors, officers, advisors, employees and other persons or companies engaged to provide ongoing services to the Company as incentive for such persons to put forth maximum effort for the continued success and growth of the Company and, in combination with these goals, to encourage their participation in the performance of the Company.

The Polaris Option Plan reserves a maximum of 10% of the issued and outstanding common shares pursuant to options granted under the Polaris Option Plan, being 8,833,468 shares as at the date hereof. As of the date hereof, options to acquire an aggregate of 4,547,542 shares are outstanding under the Polaris Option Plan, representing approximately 5.1% of the issued and outstanding common shares. Options which have expired, were cancelled or otherwise terminated without having been exercised, and those which have been exercised are available for subsequent grants under the Polaris Option Plan. At this time, no further grants are permitted under the Polaris Option Plan.

The Polaris Option Plan provides that the Board of Directors may, from time to time, grant options to acquire all or part of the common shares subject to the Polaris Option Plan to directors, officers, advisors, employees, and other persons or companies engaged to provide ongoing services to the Company. However, at this time no further options may be granted under the Polaris Option Plan unless shareholder approval of the Polaris Option Plan is obtained. The options are non-assignable and non-transferable other than by will or by laws governing the devolution of property in the event of death. Each option entitles the holder to purchase one common share. The exercise price for options granted pursuant to the Polaris Option Plan is determined by the Board of Directors on the date of the grant, which price may not be less than the market value. Market value is defined under the Polaris Option Plan as the closing price of the common shares on the TSX on the trading day immediately preceding the grant day and, if there is no closing price, the price of last sale prior thereto. The term of the options granted is determined by the Board of Directors, which term may not exceed a maximum of ten years from the date of the grant. The Board also has the authority to determine the vesting conditions of the options and certain other terms and conditions of the options. Options granted under the Polaris Option Plan may be exercised as soon as they have vested. The Polaris Option Plan does not contemplate that the Company will provide financial assistance to any optionee in connection with the exercise of options.

In accordance with the rules of the Polaris Option Plan, options granted under the Polaris Option Plan are subject to certain restrictions which include:

a) The number of common shares which may be reserved for issuance pursuant to options granted under the Polaris Option Plan to any one person in any one year may not exceed 5% of the common shares issued and outstanding on a non-diluted basis from time to time;

b) The number of common shares which may be reserved for issuance pursuant to the Polaris Option Plan (or any other share compensation arrangement) to all insiders of the Company may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time; and

c) The number of common shares which may be issued pursuant to the Polaris Option Plan (or any other share compensation arrangement) to all insiders of the Company within a one-year period may not exceed 10% of the issued and outstanding common shares on a non-diluted basis from time to time.

An optionee whose employment with the Company is terminated as a result of retirement, disability or redundancy will have 60 days from the date of termination to exercise any options that had vested as of the termination date. An optionee whose employment with the Company is terminated, other than for cause, at any time in the six months following a change of control of the Company, shall have 90 days from the date of termination to exercise any options granted, and all options granted will immediately vest on the date of the termination. In the event of the death of an optionee, either prior to termination or after retirement or disability, the optionee's legal representative will have one year from the date of the optionee's death to exercise any options that had vested on the date of the optionee's death. In the event of any other termination, the optionee shall have 30 days from the date of termination to exercise any options that had vested as of the termination date. In the event that an optionee is terminated for cause, any options not exercised prior to the termination date shall lapse. Notwithstanding the foregoing, no option shall be exercisable following the expiration of the option period applicable thereto.

In the event that the Company:

a) subdivides, consolidates or reclassifies the Company's outstanding common shares, or makes another capital adjustment or pays a stock dividend, the number of common shares receivable under the Polaris Option Plan will be increased or decreased proportionately; or:

b) amalgamates, consolidates with or merges with or into another body corporate, holders of options under the Polaris Option Plan will, upon exercise thereafter of such option, be entitled to receive and compelled to accept, in lieu of common shares, such other securities, property or cash which the holder would have received upon such amalgamation, consolidation or merger if the option was exercised immediately prior to the effective date of such amalgamation, consolidation or merger.

Subject, where required, to the approval of the TSX, and/or applicable securities regulatory authorities, the Board may, from time to time, amend, suspend or terminate the Polaris Option Plan in whole or in part.

In addition, the Polaris Option Plan and any outstanding options may be amended or terminated by the Board if the amendment or termination is required by any securities regulatory, a stock exchange or a market as a condition of approval to a distribution to the public of the common shares or to obtain or maintain a listing or quotation of the common shares.

The Board may also amend or terminate any outstanding options, including, but not limited to, substituting another award of the same or of a different type or change the date of exercise, provided, however, that the holder of the option must consent to such action if it would materially and adversely affect the holder.

At the Meeting, shareholders will be asked to pass resolutions to approve the 2016 Option Plan as more particularly described above in Section 2.4 – *Approval of Incentive Plans – Approval of 2016 Stock Option Plan*. A copy of the 2016 Option Plan is attached to this Circular as *Schedule B* and may be obtained by any shareholder by request to the Secretary of the Company at Suite 2740, PO Box 11175, 1055 West Georgia Street, Vancouver, BC, V6E 3R5 or by email to info@polarismaterials.com.

Outstanding Option-Based Awards

Outstanding option-based awards for NEOs as at December 31, 2015, the end of the Company's most recently completed financial year, are set out in the following table:

Name	Option-based Awards				
	Number (#) of securities underlying unexercised options	Option exercise price		Option expiry date	Value of unexercised in-the-money options
		CAD $	US $		US $
Kenneth M. Palko President and CEO	80,000 100,000 50,000 100,000 85,000	0.94 1.56 1.99 2.70 8.69	0.68 1.12 1.43 1.94 6.25	June 17, 2021 June 4, 2023 July 06, 2019 July 2, 2019 Feb. 17, 2018	34,531 Nil Nil Nil Nil
Darren K. McDonald V.P. Finance & CFO	80,000 25,000 100,000 100,000	0.94 1.49 1.56 2.70	0.68 1.07 1.12 1.94	June 17, 2021 Jan. 04, 2019 June 4, 2023 July 2, 2019	34,531 899 Nil Nil
Scott W. Dryden V.P. Operations	85,000	2.40	1.72	Aug. 17, 2019	Nil
Herbert G. A. Wilson former President and CEO	200,000 200,000 75,000 200,000 6,042 78,750	0.94 1.56 1.99 2.70 5.60 13.75	0.68 1.12 1.43 1.94 4.03 9.89	June 17, 2021 June 4, 2023 July 06, 2019 July 2, 2019 May 16, 2016 Oct. 04, 2017	86,328 Nil Nil Nil Nil Nil

Incentive stock options are granted and exercisable in CAD$. The value of unexercised in-the-money options noted above is based on the TSX market closing price of the Company's common shares on December 31, 2015, being CAD$1.54. Option exercise prices and 2015 year-end market closing price were translated from CAD$ to US$ using the December 31, 2015 spot rate of CAD$1.00 = US$0.7193 (see *Currency and Fair Value* earlier in this document). Typically, the vesting terms of stock options awards granted to NEOs are as follows: one-third of the options vest immediately upon the grant date, one-third vest one year after the grant date, and the remaining one-third vest two years after the grant date, with a term of either five or ten years from the date of grant.

Share-Based Awards

The Company does not make share-based awards and does not have a policy in place that would enable it to do so. Therefore no such awards have been made to NEOs and none are outstanding.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table discloses incentive plan awards, including annual incentive bonuses and contracted milestone bonuses, awarded during the year ended December 31, 2015:

Name	Option-based awards Value vested during the year (US$)	Share-based awards Value vested during the year (US$)	Non-equity incentive plan compensation Value earned during the year (US$)
Kenneth M. Palko	26,857	n/a	21,675
Darren K. McDonald	26,857	n/a	18,063
Scott W. Dryden	Nil	n/a	14,450
Herbert G.A. Wilson	53,715	n/a	28,900
William B. Terry	26,857	n/a	Nil

PENSION PLAN BENEFITS

The Company does not have any defined benefit or defined contribution plans.

TERMINATION AND CHANGE OF CONTROL BENEFITS

All translations from CAD$ to US$ in this section are made using the December 31, 2015 spot rate of CAD$1.00 = US$0.7193. (Refer to *Currency and Fair Value* earlier in this document.)

Kenneth M. Palko
President and Chief Executive Officer

Mr. Palko's employment agreement with the Company includes the following termination and change of control compensation and benefit scenarios. All amounts would be payable in CAD$.

- If the Company terminates Mr. Palko's employment without just cause, he will be entitled to a sum equal to 52 weeks of his then current base annual salary plus an amount equal to the cost of his employee benefits, and a pro-rata bonus, but excluding incentive stock options, for such period. If such event had occurred on December 31, 2015, the Company would have been required to compensate Mr. Palko as follows:

	CAD$	US$
52 weeks' base annual salary	340,000	244,562
Cost of 52 weeks' benefits	26,585	19,123
Pro-rata annual bonus (assuming last contracted target award)	170,000	122,281
Total:	536,585	385,966

- In the event of a "change of control" of the Company, if Mr. Palko's employment is terminated by the Company or the successor Company, or Mr. Palko resigns, within six months of such change of control, he will be entitled to severance pay in an amount equal to 78 weeks of base salary plus the cost of 78 weeks' benefits, other than bonus and incentive stock options. If such event had occurred on December 31, 2015, the Company would have been required to compensate Mr. Palko as follows:

	CAD$	US$
78 weeks base annual salary	510,000	366,843
Cost of 78 weeks' benefits	39,878	28,684
Total:	549,878	395,527

- In the event of a "change of control" of the Company, if Mr. Palko's employment is terminated by the Company or the successor Company, or Mr. Palko resigns, between six and 12 months after such change of control, he will be entitled to severance pay in an amount equal to 52 weeks' base salary plus the cost of 52 weeks' benefits other than bonus and incentive stock options. If such event had occurred on December 31, 2015, the Company would have been required to compensate Mr. Palko as follows:

	CAD$	US$
52 weeks' base annual salary	340,000	244,562
Cost of 52 weeks' benefits	26,585	19,123
Total:	366,585	263,685

Mr. Palko's outstanding and unexercised in-the-money incentive stock options as of December 31, 2015 had a value of $48,000 (US$34,531).

Darren K. McDonald
Vice President, Finance & Chief Financial Officer

Mr. McDonald's employment agreement with the Company includes the following termination and change of control compensation and benefit scenarios. All amounts would be payable in CAD$.

- If the Company terminates Mr. McDonald's employment without just cause, he will be entitled to a sum equal to 52 weeks of his then current base annual salary plus an amount equal to the cost of his employee benefits, and a pro-rata bonus, but excluding incentive stock options, for such period. If such event had occurred on December 31, 2015, the Company would have been required to compensate Mr. McDonald as follows:

	CAD$	US$
52 weeks' base annual salary	280,000	201,404
Cost of 52 weeks' benefits	28,103	20,215
Pro-rata annual bonus (assuming last contracted target award level)	112,000	80,562
Total:	420,103	302,181

- In the event of a "change of control" of the Company, if Mr. McDonald's employment is terminated by the Company or the successor Company, or Mr. McDonald resigns, within six months of such change of control, he will be entitled to severance pay in an amount equal to 52 weeks' base salary and benefits, other than bonus and incentive stock options. If such event had occurred on December 31, 2015, the Company would have been required to compensate Mr. McDonald as follows:

	CAD$	US$
52 weeks' base annual salary	280,000	201,404
Cost of 52 weeks' benefits	28,103	20,215
Total:	308,103	221,619

Mr. McDonald's outstanding and unexercised in-the-money incentive stock options as of December 31, 2015 had a value of $49,250 (US$35,430).

Scott W. Dryden
Vice President, Operations

Mr. Dryden entered into an employment agreement with the Company on July 11, 2014, that includes the following termination and change of control compensation and benefit scenarios. All amounts would be payable in CAD$.

- If the Company terminates Mr. Dryden's employment without just cause, he will be entitled to a sum equal to 52 weeks of his then current base annual salary plus an amount equal to the cost of his employee benefits, and a pro-rata bonus, but excluding incentive stock options, for such period. If such event had occurred on December 31, 2015, the Company would have been required to compensate Mr. Dryden as follows:

	CAD$	US$
52 weeks' base annual salary	240,000	172,632
Cost of 52 weeks' benefits	17,066	12,276
Pro-rata annual bonus (assuming last contracted target award)	72,000	51,790
Total:	329,066	236,698

- In the event of a "change of control" of the Company, if Mr. Dryden's employment is terminated by the Company or the successor Company, or Mr. Dryden resigns, within six months of such change of control, he will be entitled to severance pay in an amount equal to one year's base salary plus the cost of one year's benefits other than bonus and incentive stock options. If such event had occurred on December 31, 2015 the Company would have been required to compensate Mr. Dryden as follows:

	CAD$	US$
One year's base annual salary	240,000	172,632
Cost of one year's benefits	17,066	12,276
Total:	257,066	184,908

Mr. Dryden's outstanding and unexercised in-the-money incentive stock options as of December 31, 2015 had a value of $Nil.

Herbert G.A Wilson
former President and Chief Executive Officer

Mr. Wilson's employment agreement with the Company including termination and change of control provisions, except as noted below, ceased September 30, 2015.

In recognition of the contribution Mr. Wilson made to the Company in his role as Chief Executive Officer, his continuing as a director of the Company, and his becoming Executive Vice-Chairman of the Board of Directors, the milestone bonus of CAD$200,000 that Mr. Wilson would be eligible for upon first achieving sales from the Company's projects, in aggregate, in excess of four million tonnes within a calendar year, an event which has not taken place, was extended for an additional five years and will now terminate December 31, 2020.

4. DIRECTOR COMPENSATION

The elements of the compensation structure for non-executive directors are annual retainers, meeting fees, incentive stock options and deferred units.

Annual Retainers and Meeting Fees

The Board of Directors approved the following non-executive directors' compensation structure for fiscal year 2015 for services as a director. These payments are made in Canadian dollars:

	CAD$
Annual retainer – Board Chair	60,000
Annual retainer – Executive Vice-Chairman	120,000
Annual retainer – Non-Executive Director	30,000
Annual retainer – Audit Committee Chair	12,500
Annual retainer – Governance Compensation and Nominating Committee Chair	6,000
Board and Committee meeting fee (per meeting) in person or by telephone	1,500
Travel fee (per travel day)	1,500

The above fee schedule, excluding the annual retainer for Executive Vice-Chairman, has been in effect since July 1, 2014. In accordance with a recommendation from Roger Gurr & Associates (see *3.1. Compensation Discussion and Analysis*) increases to the annual retainers for the Board and Audit Committee Chairs were approved by the Compensation Committee and implemented on July 1, 2014.

The position of Executive Vice-Chairman has been established by the Board of Directors, effective October 1, 2015 to assist in the transfer of the industry knowledge and operating experience of the former President and CEO, Herbert G.A. Wilson, to the Board and management of the Company. The Executive Vice-Chairman will; support the Chair of the Board with his duties and chair meetings in the absence of the Chair, and assist, guide and advise the incoming President and CEO in respect of managing the day to day operations of the Company, including its commercial contracts and in respect of capital projects involving the design and selection of plant and equipment. In recognition of the added responsibility of these duties, the annual compensation of CAD$120,000 is in addition to the annual retainer received by non-executive directors of CAD$30,000. The position is that of a non-independent director and therefore the Executive Vice-Chairman does not participate in meetings of the independent directors nor be a member of any Committee of the Board.

Incentive Stock Options

At the 2015 Annual General Meeting, the proposed resolution to amend, restate and reconfirm the Polaris Option Plan was withdrawn at the meeting on the basis that there was insufficient support. Therefore, the Company does not currently have an incentive stock option plan pursuant to which it can grant options. Previously, directors were also compensated for their services in their capacity as directors through the granting by the Company of stock options from time to time in accordance with the Polaris Option Plan and the policies of the TSX. Such grants typically took place on an annual basis, however, options were not granted if the Company was under a trading black-out in accordance with its Corporate Disclosure Policy (see *Report on Corporate Governance – Ethical Business Conduct*). If a trading black-out was in effect at a time when the Board has considered the grant of options, such grants were postponed until the conclusion of the trading black-out at which time the grant date of such options is set at least two full trading days after the conclusion of the of the trading black-out in accordance with the Company's Disclosure Policy.

Refer to *Statement of Executive Compensation – Incentive Plan Awards – Incentive Stock Option Plan* for further details regarding the Polaris Option Plan.

Previously, the Compensation Committee recommended to the Board of Directors the quantity of options to be granted to directors. All option grants were approved by the Board. The following table discloses all compensation provided to the directors for the Company's most recently completed financial year ending December 31, 2015:

Name	Fees earned (US$)	Share-based awards (US$)	Option-based awards (US$)	Non-equity incentive plan compensation (US$)	Pension value (US$)	All other compensation (US$)	Total (US$)
Terrence A. Lyons	61,056	n/a	Nil	n/a	n/a	Nil	61,056
Eugene P. Martineau	43,642	n/a	Nil	n/a	n/a	3,000	46,642
Marco A. Romero	38,784	n/a	Nil	n/a	n/a	28,190	66,974
Lenard F. Boggio	48,573	n/a	Nil	n/a	n/a	Nil	48,573
Herbert G.A. Wilson[1]	28,088	n/a	Nil	n/a	n/a	Nil	28,088

(1) Mr. Wilson retired from his management position as President and CEO of the Company on September 30, 2015. Mr. Wilson continues his position as a director of the Company and on October 1, 2015 became Executive Vice-Chairman of the Board of Directors.

Directors' fees are paid in CAD$ and were translated to US$ using the three-month average exchange rates for 2015, as applicable for each quarterly payment.

Incentive stock options were granted and exercisable in CAD$. Grant date fair value was calculated using the Black-Scholes option pricing model with appropriate assumptions as described in the section entitled *Currency and Fair Value* (earlier in this document) and then translated to US$ using the Bank of Canada noon exchange rate on the option grant date.

Marco A. Romero's compensation stated in the "All other compensation" column reflects payment under a consulting agreement entered into between the Company and Mr. Romero on July 14, 2008, with an effective date of January 1, 2009, such agreement having an eight year term. Under this agreement, Mr. Romero provided consulting services to the Company at an annual fee of CAD$10 plus an hourly rate of CAD$150 with a guaranteed minimum of 20 hours per month for the first 36 months of the agreement. Recognizing the ongoing value of these services, the Company extended the consulting services agreement by a further three years in January, 2012, and again for a further three years at the end of 2014 so that the agreement expires December 31, 2017. The compensation terms for the consulting services have not changed. During the most recently completed financial year ending December 31, 2015, the Company paid Mr. Romero CAD$36,000 (US$28,190) for services under this agreement. This compensation was translated from CAD$ to US$ using the 2015 three-month average exchange rates as applicable at the time of each payment. (Refer to *Currency and Fair Value* earlier in this document.)

Eugene P. Martineau's compensation stated in the "All other compensation" column reflects payment under an agreement between the Company and Martineau & Associates, a company controlled by Mr. Martineau. This agreement was adjusted for 2014 and provided that Mr. Martineau would receive a fee of US$1,500 per day when working on projects to advance the Company's marketing and commercial interests. During the most recently completed financial year ended December 31, 2015, the Company paid fees of US$3,000 to Martineau & Associates for services under this agreement.

Share-Based Awards

Currently, the Company does not make share-based awards and does not have a policy in place that would enable it to do so. Therefore no such awards have been made to non-executive directors and none are outstanding.

Following recommendations of Roger Gurr & Associates, an independent compensation consultant, the Company established the Deferred Unit Plan to replace the Polaris Option Plan for the independent directors and to promote the alignment of interests between the Shareholders of the Company and the independent directors of the Company, being the members of the board of directors of the Company who are not also an employee of the Company or the Company's affiliates. If the shareholders approve the Deferred Unit Plan, deferred units granted under the Deferred Unit Plan will be redeemable for common shares. If shareholder approval is not obtained, the deferred units will be redeemable for cash. The Company has not yet granted any deferred units but intends to grant deferred units pursuant to the terms of the Deferred Unit Plan in a manner similar to how options had previously been granted to the independent directors pursuant to the Polaris Option Plan.

At the Meeting, shareholders will be asked to pass resolutions to approve the Deferred Unit Plan as more particularly described above in Section 2.4 – *Approval of Incentive Plans – Approval of Deferred Unit Plan*. A copy of the Deferred Unit Plan is attached to this Circular as *Schedule C* and may be obtained by any shareholder by request to the Secretary of the Company at Suite 2740, PO Box 11175, 1055 West Georgia Street, Vancouver, BC, V6E 3R5 or by email to info@polarismaterials.com.

Incentive Plan Awards

Outstanding option-based awards for non-executive directors as at December 31, 2015, the end of the Company's most recently completed financial year, are set out in the following table:

Name	Option-based Awards				
	Number (#) of securities underlying unexercised options	Option exercise price		Option expiry date	Value of unexercised in-the-money options
		CAD $	US $		US $
Terrence A. Lyons	50,000	0.94	0.68	June 17, 2021	21,582
	100,000	1.56	1.12	June 4, 2023	Nil
	30,000	1.99	1.43	July 06, 2019	Nil
	100,000	2.70	1.94	July 02, 2019	Nil
	25,000	4.80	3.45	Jan. 23, 2016	Nil
	92,000	13.75	9.89	Oct. 04, 2017	Nil
Eugene P. Martineau	50,000	0.94	0.68	June 17, 2021	21,582
	100,000	1.56	1.12	June 4, 2023	Nil
	50,000	1.80	1.29	Mar. 31, 2020	Nil
	100,000	2.70	1.94	July 02, 2019	Nil
Marco A. Romero	50,000	0.94	0.68	June 17, 2021	21,582
	100,000	1.56	1.12	June 4, 2023	Nil
	30,000	1.99	1.43	July 06, 2019	Nil
	100,000	2.70	1.94	July 02, 2019	Nil
	5,000	4.80	3.45	Jan. 23, 2016	Nil
	153,000	13.75	9.89	Oct. 04, 2017	Nil
Lenard F. Boggio	100,000	1.56	1.12	June 4, 2023	Nil
	100,000	2.70	1.94	July 02, 2019	Nil

Incentive stock options are granted and exercisable in CAD$. The value of unexercised in-the-money options noted above is based on the TSX market closing price of the Company's common shares on December 31, 2015, being CAD$1.54. Option exercise prices and 2015 year-end market closing price were translated from CAD$ to US$ using the December 31, 2015 spot rate of CAD$1.00 = US$0.7193 (see *Currency and Fair Value* earlier in this document).

The vesting terms of stock options awards granted to independent directors since 2008 have been as follows: one-third of the options vest immediately upon the grant date, one-third vest one year after the grant date and one-third vest two years after the grant date, with a term of five or ten years from the date of grant.

The following table discloses incentive plan awards for the year ended December 31, 2015:

Name	Option-based awards Value vested during the year (US$)	Share-based awards Value vested during the year (US$)	Non-equity incentive plan compensation Value earned during the year (US$)
Terrence A. Lyons	26,857	n/a	n/a
Eugene P. Martineau	26,857	n/a	n/a
Marco A. Romero	26,857	n/a	n/a
Lenard F. Boggio	26,857	n/a	n/a

5. OTHER COMPENSATION MATTERS

Proportion of Common Shares Held by Directors and Executive Officers

Collectively, as of the date hereof, the directors and executive officers of the Company, as a group, own 476,900 common shares representing approximately 0.54% of the issued and outstanding common shares and, on a fully diluted basis, 3,376,692 common shares representing 3.82% of the issued and outstanding common shares.

Indebtedness of Directors and Executive Officers

No current or former executive officer, director or employee of the Company or any of its subsidiaries or any proposed nominee for election as a director of the Company, or any associate or affiliate of any such executive officer, director, employee or proposed nominee, is or has been indebted to the Company or any of its subsidiaries, or to any other entity that was provided a guarantee, support agreement, letter of credit or other similar arrangement by the Company or any of its subsidiaries in connection with the indebtedness, at any time since the beginning of the most recently completed financial year of the Company.

Equity Compensation Plan Information

The following table is as of December 31, 2015

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders (Polaris Option Plan)	4,662,542	US$2.75	Nil[1]
Equity compensation plans not approved by security holders	n/a	n/a	n/a
Total	4,662,542	US$2.75	n/a

(1) At the 2015 Annual General Meeting, the proposed resolution to amend, restate and reconfirm the Polaris Option Plan was withdrawn at the meeting on the basis that there was insufficient support. As a result, no further grants of options are permitted under the Polaris Option Plan. At the Meeting, shareholders will be asked to pass resolutions to approve the 2016 Option Plan as more particularly described above in Section 2.4 – *Approval of Incentive Plans – Approval of 2016 Stock Option Plan* and the Deferred Unit Plan as more particularly described above in Section 2.4 – *Approval of Incentive Plans – Approval of Deferred Unit Plan*.

The weighted average exercise price in column (b) was translated from CAD$3.82 to US$2.75 using the December 31, 2015 spot rate of CAD$1.00 = US$0.7193.

6. REPORT ON CORPORATE GOVERNANCE

The following provides information with respect to the Company's compliance with the corporate governance requirements (the "**Corporate Governance Guidelines**") of the Canadian Securities Administrators set forth in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and Form 58-101F1 - *Corporate Governance Disclosure*.

Board of Directors

The Company's Board is composed of five directors. At the Meeting the Company proposes to fix the number of directors for the ensuing year at five (5).

Majority Voting Policy

The Board believes that each director should have the confidence and support of the shareholders of the Company. To this end, the Board has adopted a Majority Voting Policy and future nominees for election to the Board will be required to confirm that they will abide by this policy.

Forms of proxy for the election of directors at an annual meeting of shareholders of the Company will permit a shareholder to vote in favour of or to withhold from voting separately for each director nominee. The Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after such annual meeting of shareholders. If the vote was by a show of hands, the Company will disclose the number of shares voted by proxy in favour or withheld for each director.

In connection with the election of directors of the Company at an annual meeting of shareholders of the Company, if a director nominee has more votes withheld than are voted in favour of him or her, the nominee will be considered by the Board not to have received the support of the shareholders, even though duly elected as a matter of corporate law. Such a nominee will be expected to forthwith submit his or her resignation to the Board, effective on acceptance by the Board. The Board will refer the resignation to the Compensation Committee for consideration. After review, the Compensation Committee will put forward a recommendation to the Board whether to accept the tendered resignation or reject it.

The Board will promptly accept the resignation unless the Board determines, after consideration of the Compensation Committee's recommendation, that there are circumstances relating to the composition of the Board or the voting results or otherwise that should delay the acceptance of the resignation or justify rejecting it. The director nominee who submitted his or her resignation will not participate in the deliberations regarding the resignation. In any event, it is expected that the resignation will be accepted (or in rare cases rejected) within 90 days of the annual meeting. Following the Board's decision, the Company will promptly issue a news release disclosing whether the Board has accepted the applicable director's resignation and the reasons for rejecting the resignation, if applicable. The TSX will be given a copy of the news release announcing the decision.

Subject to any corporate law restrictions, the Board may (1) leave a vacancy in the Board unfilled until the next annual meeting of shareholders of the Company, (2) fill the vacancy by appointing a new director whom the Board considers to merit the confidence of the shareholders, or (3) call a special meeting of shareholders to consider new Board nominee(s) to fill the vacant position(s).

This policy does not apply where an election involves contested director elections or a proxy battle i.e., where proxy material is circulated in support of one or more nominees who are not part of the director nominees supported by the Board.

Director Independence

The Board considers a director to be independent if he meets the definition of independence set forth in National Instrument 52-110 – *Audit Committees* ("NI 52-110") and if he has no direct or indirect material relationship with

the Company which, in the view of the Board of Directors, could reasonably be perceived to materially interfere with the exercise of the director's independent judgment.

The independent status of each individual director is reviewed annually by the Board. Four of the Board's five directors are deemed to be independent, and one is deemed to not be independent, as follows:

Director	Independence status	Basis for determination of non-independence
Terrence A. Lyons	Independent	Mr. Lyons has no direct or indirect material relationship with the Company as defined in NI 52-110.
Eugene P. Martineau	Independent	Mr. Martineau has no direct or indirect material relationship with the Company as defined in NI 52-110 and received less than $75,000 in direct compensation from the Company in his role as a consultant to the Company.
Marco A. Romero	Independent	Mr. Romero was President & CEO of the Company until December 31, 2008. With effect from January 1, 2012, he has been considered to be independent and received less than $75,000 in direct compensation from the Company in his role as a consultant to the Company.
Lenard F. Boggio	Independent	Mr. Boggio has no direct or indirect material relationship with the Company as defined in NI 52-110.
Herbert G.A. Wilson	Not Independent	Mr. Wilson was President & CEO of the Company until September 30, 2015 and, therefore, does not meet the definition of independence set forth in NI 52-110.

Role of the Chair

The Chair of the Board, Terrence A. Lyons, is an independent director, as indicated above. The Chair presides at all meetings of the Board and is responsible for the operation and functioning of the Board and for ensuring the Board's effectiveness by encouraging full participation, thorough discussions and by facilitating consensus.

Board and Committee Meetings

The Board of Directors holds four regularly scheduled quarterly meetings throughout the year. Meetings are also conducted on an as-required basis in order to deal with matters as business developments warrant.

The independent directors hold four regularly scheduled meetings throughout the year, each immediately prior to the regularly scheduled quarterly Board meetings, without the presence of related directors or management and during which no minutes are taken. They may also hold ad-hoc meetings as required, but none were held during the year ending December 31, 2015. Independent directors may also discuss matters individually and in groups on an informal basis.

The Audit Committee members, all independent directors, routinely meet with representatives of PricewaterhouseCoopers LLP, the Company's auditors, without management in attendance, immediately after each regularly scheduled quarterly Audit Committee meeting. After such meetings, if deemed necessary by committee members, the Audit Committee will then meet without the auditors and management in attendance.

When a Governance, Compensation and Nominating Committee meeting takes place, it typically does so initially with the President & CEO in attendance and, thereafter with the meeting attended by committee members only, all being independent directors.

The following table summarizes directors' attendance at all Board and Committee meetings during the year ended December 31, 2015:

Director	Board of Directors		Independent Directors		Audit Committee		Governance, Compensation and Nominating Committee	
	# of meetings attended	# of meetings eligible to attend	# of meetings attended	# of meetings eligible to attend	# of meetings attended	# of meetings eligible to attend	# of meetings attended	# of meetings eligible to attend
Terrence A. Lyons	6	6	4	4	4	4	n/a	n/a
Eugene P. Martineau	6	6	4	4	4	4	1	1
Marco A. Romero	6	6	4	4	n/a	n/a	1	1
Lenard F. Boggio	6	6	4	4	4	4	1	1
Herbert G. A. Wilson	6	6	n/a	n/a	n/a	n/a	n/a	n/a

Directorships

The following table provides information about directors of the Company who are also directors of other reporting issuers (or equivalent) or publicly-traded entities.

Director	Issuer	Exchange
Terrence A. Lyons	**Canaccord Genuity Group Inc.** **Sprott Resource Corp.** **Martinrea International Inc.**	**TSX** **TSX** **TSX**
Eugene P. Martineau	**None**	**-**
Marco A. Romero	**Euro Manganese Inc.**	**None**
Lenard F. Boggio	**Alderon Iron Ore Corp.** **Pure Gold Mining Inc.** **Sprott Resource Corp.** **Armor Minerals Inc.**	**TSX** **TSX-V** **TSX** **TSX-V**
Herbert G. A. Wilson	**Hudson Resources Inc.**	**TSX-V**

Board Mandate

The Board of Directors has adopted a written mandate for the Board which is attached hereto as *Schedule A* and is posted on the Company's website, www.polarismaterials.com. The Board carries out its responsibilities directly and through two Board Committees, the Audit Committee and the Governance, Compensation and Nominating Committee, each of which operate under a written committee mandate approved by the Board. The Board has adopted several governance policies as described elsewhere in this section. The Board meets regularly on a quarterly basis and holds additional meetings as required to deal with the Company's business. Independent directors also meet regularly on a quarterly basis, without the presence of related directors and management.

Board Assessments

The Board conducts self-assessments as deemed necessary by the Governance, Compensation and Nominating Committee or the Board as a whole. The last self-assessment review was conducted in December 2008 and entailed an all-encompassing, confidential questionnaire regarding such matters as board effectiveness, composition, and its relationship with management. In response to the results of this review, the Board of Directors made appropriate changes to improve Board effectiveness.

Due to its small size and relative lack of complexity, since 2008, the Board has informally considered the effectiveness of the Board through informal and ad-hoc conversations regarding the matter.

Position Descriptions

The Board of Directors has adopted written charters for the two Board Committees, which may be viewed on the Company's website, www.polarismaterials.com. Brief summaries of the role of the Board Committees are provided below.

The Board has adopted written position descriptions for the Chair of the Board and the CEO, which may be viewed on the Company's website, www.polarismaterials.com.

Director Orientation and Continuing Education

The Board has an informal process for the orientation of new Board members regarding the role of the Board, its committees and directors, and the nature of operation of the Company. A new director will meet with executive management, the Chair of the Board, the Chair of the Governance, Compensation and Nominating Committee, and possibly incumbent directors, prior to being invited to join the Board, as well as after being accepted to the Board. Such meetings facilitate the exchange of information, ideas and questions amongst all participants. Prior to joining the Board, incoming directors will be invited to tour the Company's operations. New directors are provided with written materials both to aid in their familiarization with the Company and to inform them of their obligations as a director. Such information includes governance policies such as the Company's code of business conduct and ethics, whistleblower policy, disclosure policy, committee charters, and also includes corporate information such as financial statements.

At each Board meeting and Audit Committee meeting, executive management routinely provides directors with a verbal update on matters relevant to the Company such as operational issues, market conditions, sales trends, industry issues, competitive conditions, financial position, and strategic considerations. Directors receive occasional email communications from the Company's corporate secretary regarding regulatory changes that affect their role as a director of the Company.

No formal continuing education opportunities are provided by the Company based on the fact that all of the Company's directors are seasoned business professionals and/or members of multiple corporate boards and, therefore, the Company currently relies on the opportunities available to its directors via other avenues.

Ethical Business Conduct

The Company has a code of conduct and business ethics (the "Code of Conduct") which sets out guidelines and expectations regarding conduct on the part of directors, officers and employees of the Company. All directors of the Company are required to acknowledge, via an annual electronic survey conducted by the Company's third party internal controls consultant, that they are familiar with and understand the Code of Conduct and that they are in compliance with it. The Code of Conduct is available on the Company's website at www.polarismaterials.com as well as on www.sedar.com.

The Board has also adopted a whistleblower policy (the "Whistleblower Policy") which provides an avenue for directors, officers and employees of the Company to express concerns regarding the Company's accounting policies or financial reports without adverse employment consequence. All directors of the Company are required to acknowledge via an annual electronic survey conducted by the Company's third party internal controls consultant, that they are familiar with and understand the Whistleblower Policy. The Whistleblower Policy is available on the Company's website at www.polarismaterials.com.

The Company has a Corporate Disclosure Policy, available on the Company's website at www.polarismaterials.com, which provides additional measures to ensure ethical business conduct, such as policies and requirements regarding insider trading and trading black-out periods. The Company's corporate secretary routinely advises Company directors, officers, and certain employees, as appropriate, when trading black-out periods are under effect.

The Board requires that Directors provide disclosure to it of all boards and committees of which they are members and all offices held in other reporting issuers. The Board also requires conflicts of interest to be disclosed to the Governance, Compensation and Nominating Committee. In the event that conflicts of interest arise, a director who has such a conflict is required to disclose the conflict and to abstain from voting for or against any decision related to that matter. In addition, in considering transactions and agreements in respect of which a director has a material interest, the Board will require that the interested person absent themselves from portions of Board or committee meetings so as to allow independent discussion of points in issue and the exercise of independent judgment.

The Company has not adopted term limits for individual directors. The Board believes that individuals can continue to remain effective directors beyond a maximum period of service. Without having term limits, the Company has experienced turnover on its board that has brought directors with new perspectives and approaches. This has complemented the depth of knowledge and insight about the Company and business operations that the Company's long-standing directors have developed over time.

The Company does not currently have any female directors on the Board or female officers among the Company's senior management team. The Company's major Canadian operating subsidiary, Orca Sand & Gravel LP, is headed by a female Mine Manager. The Company does not have a policy on the representation of women on the Board or in senior management, as the Board does not believe that quotas or strict rules necessarily result in the identification or selection of the best candidates. The Company's Board and management acknowledge the importance of all aspects of diversity including gender, ethnic origin, business skills and experience in the Company's leadership positions and the need to maximize the effectiveness of the Board and management and their decision making abilities. When considering candidates for executive positions, the Board's evaluation takes into account the broadest possible assessment of each candidate's skills and background with the overriding objective of ensuring that the Company has the appropriate balance of skills, experience, and capacity that the Company needs to be successful. In the context of this objective, the Company has determined not to set targets for the percentage of women, or other aspects of diversity, in Board or executive officer positions.

Nomination of Directors

The Board does not have a formal policy for the recruitment of new candidates to the Board. Typically, the CEO and the Chair of the Governance, Compensation and Nominating Committee collaborate in the candidate selection process. When considering potential candidates for the Board, they take into consideration the areas of expertise in which the Board would realize added benefit through diversity of professional experience and knowledge; the appropriate size of the board; and the ratio of independent to non-independent directors. The Company has no obligation or contract with any third party providing it with the right to nominate a director.

Board Committees

The Company has two Board Committees: the Audit Committee and the Governance, Compensation and Nominating Committee.

Audit Committee

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. In addition to recommending the auditors to be nominated and reviewing the compensation of the auditors, the Audit Committee is responsible for overseeing the work of the auditors and pre-approving non-audit services. It also reviews the Company's annual and interim financial statements and news releases containing information taken from the Company's financial statements prior to their release. The Audit Committee is responsible for reviewing the acceptability and quality of the Company's financial reporting and accounting standards and principles and any proposed material changes to them or their application.

The current members of the Audit Committee are: Lenard F. Boggio (Chair), Terrence A. Lyons and Eugene P. Martineau, all independent directors.

The Audit Committee has a published mandate which is attached to the Company's Annual Information Form (the "AIF"), filed with Canadian securities regulators and posted under the Company's profile at www.sedar.com, and is posted on the Company's website, www.polarismaterials.com. For additional information on the Audit Committee, please see the section of the AIF titled *"Audit Committee".*

Governance, Compensation and Nominating Committee

The Governance, Compensation and Nominating Committee assists the Board of Directors in fulfilling its oversight responsibilities relating to the governance of the Company, its relationship with senior management, and compensation. The Compensation Committee's role includes developing and monitoring the effectiveness of the Company's system of corporate governance, assessing the effectiveness of individual directors, the Board of Directors and various board committees, and is responsible for appropriate corporate governance and proper delineation of the roles, duties and responsibilities of management, the Board of Directors and its committees. The Compensation Committee's role includes maintaining a remuneration and benefits plan for directors, executives and other key employees, and reviewing the appropriateness of that plan in order to support the Company's business objectives and attract and retain key executives. The Compensation Committee adjusts the plan in response to that review. The Compensation Committee also reviews and makes recommendations to the Company's Board of Directors regarding the Company's equity compensation plans and grants thereunder. The current members of the Compensation Committee are Marco A. Romero (Chair), Eugene P. Martineau and Lenard F. Boggio, all independent directors. Each Compensation Committee member has direct experience relevant to his responsibilities in executive compensation

The Governance, Compensation and Nominating Committee has a published mandate which is posted on the Company's website, www.polarismaterials.com.

7. INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No director or executive officer of the Company at any time since the beginning of the Company's most recently completed financial year, no proposed nominee for election as a director of the Company and no associate or affiliate of any such persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, except as set forth in this Circular and except for any interest arising from the ownership of shares of the Company where the shareholder will receive no extra or special benefit or advantage not shared on a pro-rata basis by all holders of shares in the capital of the Company.

8. INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or proposed director and no associate or affiliate of the foregoing has had a material interest, direct or indirect, in any transaction involving the Company since the commencement of the Company's most recently completed financial year, or will have any material interest in any proposed transaction, which has materially affected or will materially affect the Company.

9. MANAGEMENT CONTRACTS

Except as described in this Circular, management functions of the Company are not, to any substantial degree, performed by a person or persons other than the directors or executive officers of the Company.

10. SHAREHOLDER PROPOSALS

Pursuant to Section 187 of the BC *Business Corporations Act*, any notice of a Shareholder proposal intended to be raised at the annual general meeting of Shareholders of the Company to be held during 2017 must be submitted to the Company at its registered office, on or before March 4, 2017, to be considered for inclusion in the management information circular for that annual general meeting of Shareholders.

11. ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com under the name "Polaris Materials Corporation". Financial information for the year ended 2015 is provided in the Company's comparative financial statements and Management's Discussion and Analysis ("MD&A") which are contained in the 2015 Annual Report included with this Circular. Copies of the Company's financial statements and MD&A may be obtained by contacting the Secretary of the Company in writing at Suite 2740, PO Box 11175, 1055 West Georgia Street, Vancouver, British Columbia V6E 3R5 or by email at info@polarismaterials.com. Copies of such documents will be provided to shareholders free of charge.

POLARIS MATERIALS

SCHEDULE A

POLARIS MATERIALS CORPORATION

BOARD MANDATE AND TERMS OF REFERENCE

As approved by the Board of Directors on December 6, 2007; Amended on November 3, 2008 and June 3, 2010.

The Board of Directors (the "Board") of Polaris Materials Corporation (the "Company") is responsible for the management of the business of the Company consistent with the powers and obligations under the *Business Corporations Act* (British Columbia) and other statutory and legal requirements generally applicable to directors of a business corporation that is a reporting issuer for securities purposes in Canada and is listed on the Toronto Stock Exchange.

Under the *Act*, the directors of the Company (the "Directors") are required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Board believes that it has the primary responsibility of maximizing shareholder value and to oversee the management of the Company which is carried out by the Chief Executive Officer ("CEO") of the Company.

The Board carries out its responsibilities directly, and through its committees.

The Board has the following stewardship responsibilities:

1. Governance

The Board establishes and oversees all corporate governance policies, and reviews and monitors the corporate governance practices and disclosures for the Company.

The Board has approved a corporate disclosure policy and a code of business conduct and ethics to which all Directors, officers and employees of the Company are bound.

The Board believes that it is the function of executive management, led by the CEO, to speak for the Company in its communications with shareholders, the investment community, regulatory authorities, the media and any other interested parties. It is understood that the Chairperson of the Board (the "Chair") or other individual Directors may, from time to time, be requested by management to assist with such communications.

The Board approves the content of the Company's major communications to shareholders and the public.

2. Strategic Planning and Development

The Board approves and monitors the implementation of the Company's strategic plans and long term goals and objectives, as prepared and presented by the Company's CEO with support from executive management. Such plans include the identification and assessment of risks, with provisions to manage and mitigate those risks, as well as strategies for each entity in which the Company has a significant ownership interest. These plans also include specific steps and performance indicators which enable the Board to evaluate progress on implementing such strategies.

The Board approves and monitors annual capital and operating plans and budgets to implement the Company's business strategies, together with key financial and other performance goals for the Company's activities, as prepared and presented by the CEO with support from executive management.

The Board reviews corporate performance and progress towards these plans on a quarterly basis and performs an in-depth review of these strategic plans on at least an annual basis. Any revisions to the plans are approved by the Board.

The Board expects executive management to keep the Board informed of all significant developments regarding these strategic plans in a timely and candid manner.

3. Financial Planning and Capital Structure Oversight

The Board advises management on appropriate financing strategies in accordance with the Company's strategic plan. The Board ensures that financing of capital projects and working capital requirements recognizes a capital structure with a sufficient mix of debt and equity to reflect an appropriate level of risk, while managing the cost of capital, in order to maximize shareholder value. The Board will consider both internal and external factors, including economic and market conditions, in carrying out its role.

4. Monitoring and Internal Controls

The audit committee ensures that the financial performance of the Company is reported according to statutory and legal requirements and that financial results are reported fairly and in accordance with generally accepted accounting standards. The audit committee also reviews the financial performance and reporting of the Company and assesses the integrity of the Company's financial reporting, internal controls and management information systems.

The Board and the audit committee review and monitor the Company's financial risks and risk management policies, and the financial structure of the Company, the audit committee making recommendations to the Board as appropriate.

5. Executive Management Oversight and Succession Planning

The Board regularly considers the integrity, quality and continuity of management required to achieve the Company's goals. The Board has adopted a position description for the CEO which sets out the duties and responsibilities for that position. This position description will be reviewed from time to time.

The Board, under the guidance of the compensation committee, approves the appointment, termination and remuneration of executive management and corporate officers, and is responsible for developing and maintaining an executive management succession plan, including an emergency CEO succession plan.

On an annual basis, the compensation committee measures executive management performance, development and total compensation against the objectives set and makes recommendations to the Board in that regard.

All Directors have open access to the Company's executive management.

POLARIS MATERIALS

BOARD PRACTICES AND TERMS OF REFERENCE

a. Board Committees

The Board establishes and dissolves committees at its discretion in accordance with the ongoing needs of the Company. However, at all times there will be an audit committee and a compensation committee, as well as committee(s) specifically responsible for corporate governance and the nomination of Board members.

The audit committee and the compensation committee, whether responsible solely for compensation oversight or combined with other responsibilities, must be comprised of three or more Directors, all being unrelated and independent as defined by applicable securities and stock exchange rules and, in particular, as defined by *National Instrument 52-110 - Audit Committees*.

Each committee operates under a written mandate, approved by the Board, which sets out its authority, composition, duties and responsibilities. The responsibilities of the Board may be delegated from time to time to committees of the Board on such terms as the Board may consider appropriate and subject to the provision of statutory and legal requirements. The Chair of the Board is an ex-officio member of all Board committees and shall receive proper notice of and documentation for meetings of such committees.

b. Board Composition and Effectiveness

A majority of Directors on the Board must be unrelated and independent as defined by applicable securities and stock exchange rules and, in particular as defined by *National Instrument 52-110 - Audit Committees*. The Board assesses the independence of each Director on an annual basis. Directors have an ongoing obligation to inform the governance committee of any material changes in their circumstances or relationships which may affect the Board's determination as to their independence.

The Board has adopted a position description for the Chair of the Board which sets out the duties and responsibilities for that position. This position description will be reviewed from time to time. The Chair shall be an unrelated, independent Director of the Company.

Under the guidance of the nominating committee, the Board establishes the competencies and skills the Board considers to be necessary for the Board as a whole, each existing Director, and new nominees to the Board. The Board considers the appropriate size of the Board, under the guidance of the nominating committee, on an annual basis, with a view to facilitating effective decision making.

The Board is responsible for the establishment and oversight of the performance of its committees and the appointment of members to serve on such committees. The nominating committee, in conjunction with the Chair of the Board, will recommend Board members for appointment to the committees of the Board.

The Board reviews the effectiveness of the Board, its committees, and each Director's role on and contribution to the Board. The Board as a whole, as well as committees and individual Directors, is assessed by the Board on an annual basis, under the direction and guidance of the nominating committee. The type of assessment to be conducted will be determined by the nominating committee, however, it may include the completion by each Director of a comprehensive questionnaire and/or one-on-one sessions between each Director and the Chairs of the Board and the nominating committee. In order to ensure the Board is and remains effective, each Director will cooperate fully in such assessments.

c. Director Orientation and Education

The nominating committee identifies candidates for Board membership, and makes recommendations to the Board for nomination as directors to the Board, based on their character, integrity, judgment and record of achievement and any other qualifications which would add to the Board's decision making process and enhance the overall management of the Company's business.

The Board has an informal process for the orientation of new Board members regarding the role of the Board, its committees and Directors, and the nature of operation of the Company. New Directors meet with executive management and incumbent Directors and are provided with written materials to aid in their familiarization with the Company.

Directors are made aware of their responsibility to keep themselves up to date with best director and corporate governance practices and are encouraged and funded to attend seminars that will increase their own and the Board's effectiveness.

d. Conflict of Interest

A perceived conflict of interest may arise if a Director, or a member of his/her immediate family or household, has a material Interest or relationship with a supplier or competitor of the Company, or if a Director engages in any business, personal or other activity, directly or indirectly, which may be construed as being in conflict with Company's interests, or which may, or may appear to, compromise the Director's ability to act impartially on behalf of the Company.

In addition to adhering to the Company's *Code of Business Conduct and Ethics*, individual Directors must continually monitor their activities and interests; when an actual, potential, or potentially perceived conflict of interest arises, must immediately advise the Company's governance committee or, in the event the Director is a member of the governance committee, the Board as a whole. The disinterested members of the committee or the Board, as applicable, shall make a determination as to whether a conflict exists and what subsequent action, if any, is appropriate. The governance committee shall immediately inform the Board of such determination and action. The Board shall retain the right to modify or reverse such determination and action.

Each Director shall ensure that all filed regulatory documents contain full disclosure regarding all his/her director and officer positions held.

e. Meetings

The Board meets on at least a quarterly basis and holds additional meetings as required or appropriate to deal with ongoing corporate matters or long term strategic planning. Any Director may request that a meeting of the Board take place, such requests being made to the Chair who shall make the determination as to whether or not the requested meeting is to be held.

The Chair and CEO, in consultation, will set the agenda for each board meeting, with the assistance of or by delegation to the Corporate Secretary. Any Director may request additional items for inclusion on the agenda for a scheduled quarterly Board meeting.

The Board prefers that all Directors attend all scheduled quarterly meetings in person wherever feasible. If unable to attend in person, a Director may attend a meeting via telephone or other agreed electronic means. Attendance at meetings will be recorded in the minutes of the meetings.

If the Chair is not present at any meeting of the Board, the Chair will pre-appoint a Chair for that meeting or, failing that, the Chair of the meeting shall be chosen by the Board from among the Directors present. The Chair presiding at any meeting of the Board shall not have a casting vote in case of deadlock.

The Board is to receive regular quarterly reports on the financial results and significant business activities of the Company, as well as appropriate documentation regarding matters for Board approval, in a timely manner in advance of Board meetings in order to ensure effectiveness of action at such meetings.

The Board may also take action from time to time by unanimous written consent resolutions.

The independent Directors hold meetings, without the presence of management and non-independent Directors, at least quarterly and more often as may be determined by the Chairs of the Board and the governance committee. Any Director may request that a meeting of the independent Directors take place.

The Board, and its committees, has the authority to retain legal, accounting and other consultants to advise it. The Board may request any officer or employee of the Company, or its outside counsel or auditors, to attend any meeting of the Board or to meet with any members of, or consultants to, the Board.

POLARIS MATERIALS

SCHEDULE B

2016 INCENTIVE STOCK OPTION PLAN
OF
POLARIS MATERIALS CORPORATION
dated as of April 26, 2016

1. Purpose of the Plan

1.1 The purpose of the Plan is to attract and retain superior directors, officers, advisors, employees and other persons or companies engaged to provide ongoing services to the Corporation, to provide an incentive for such persons to put forth maximum effort for the continued success and growth of the Corporation, and in combination with these goals, to encourage their participation in the performance of the Corporation.

2. Definitions

2.1 For the purposes of the Plan, the following terms have the respective meanings set forth below:

(a) "Associate" has the same meaning ascribed to that term under Subsection 2.22 of National Instrument 45-106;

(b) "Black-Out Period" means that period during which a trading black-out period is imposed by the Corporation to restrict trades in the Corporation's securities by an Eligible Person or Permitted Assign;

(c) "Board" means the board of directors of the Corporation;

(d) "Compensation Committee" means the committee of the Board as constituted from time to time to oversee compensation matters, and shall initially be for the purposes hereof, the Governance, Compensation and Nominating Committee;

(e) "Consultant" means an individual, other than an employee, director or officer of the Corporation or its Related Entity or a registrant under the *Securities Act* (British Columbia), that:

(i) is engaged to provide on a *bona fide* basis, consulting, technical, management or other services to the Corporation or Related Entity of the Corporation, other than services provided in relation to a distribution, services provided by registrants and services that include investor relations activities;

(ii) provides the services under a written contract between the Corporation or its Related Entity and the individual Consultant or a Consultant Company or Consultant Partnership of the individual; and

(iii) in the reasonable opinion of the Board, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or Related Entity of the Corporation;

(f) "Consultant Company" means for an individual Consultant, the company of which the individual consultant is an employee or shareholder;

(g) "Consultant Partnership" means for an individual consultant, a partnership of which the individual Consultant is an employee or partner;

(h) "Corporation" means Polaris Materials Corporation, a corporation incorporated under the British Columbia *Business Corporations Act*, or its successors;

(i) "Disability" means a physical injury or mental incapacity of a nature which the Board determines prevents or would prevent the Optionee from satisfactorily performing the substantial and material duties of his or her position with the Corporation;

(j) "Eligible Person" means, from time to time, any *bona fide* director, senior officer or employee of the Corporation or the Related Entity of the Corporation, any Permitted Consultant and any Permitted Assign, other than any Non-Employee Director;

(k) "Exchange" means if the Shares are listed on the TSX, the TSX and, if the Shares are not listed on the TSX, any other principal exchange upon which the Shares are listed;

(l) "Grant Date" means the date on which an Option is granted to an Eligible Person;

(m) "Insider" has the same meaning ascribed to that term as set out in the TSX Company Manual;

(n) "Market Value" of a Share means, on any given day:

(i) where the Share is not listed on an Exchange, the fair market value of a Share on that day determined by the Board in good faith; and

(ii) where the Share is listed on an Exchange, the last daily closing price per Share on the Exchange on the trading day immediately preceding the relevant date and if there was no sale on the Exchange on such date, then the last sale prior thereto;

(o) "Non-Employee Director" means a director of the Corporation who is not also an employee of the Corporation.

(p) "Option" means the right to purchase a Share under the Plan;

(q) "Option Period" has the meaning ascribed to that term in Subsection 6.3 hereof;

(r) "Option Price" means the price per Share at which Shares may be purchased under the Option, as determined pursuant to Paragraph 5.1(b) hereof and as may be adjusted in accordance with Section 10 hereof;

(s) "Optionee" means an Eligible Person to whom an Option has been granted;

(t) "Permitted Assign" means for a person that is an employee, executive officer, director or Consultant of the Corporation or Related Entity, a holding entity (as defined in National Instrument 45-106) of the person or an RRSP or RRIF of the person;

(u) "Permitted Consultant" means a Consultant, a Consultant Company or Consultant's Partnership;

(v) "Plan" means the Incentive Stock Option Plan of the Corporation as set forth herein as the same may be amended and/or restated from time to time;

(w) "Redundancy" means the termination of employment due to the fact that,

(i) the person's employer has ceased or intends to cease:

(A) to carry on business for the purposes of which the employee was employed by him, or

(B) to carry on that business in the place where the employee was so employed, or

(ii) the requirements of that business:

(A) for employees to carry out work of a particular kind, or

(B) for employees to carry out work of a particular kind in the place where the employee was employed by the employer,

have ceased or diminished or are expected to cease or diminish;

(x) "Related Entity" means a person that is controlled by the Corporation or is controlled by the same person that controls the Corporation and "control" for the purpose of this definition has the same meaning as set out in section 2.23 of National Instrument 45-106;

(y) "Retirement" means the termination of employment due to retirement of an Optionee on or after such Optionee's normal retirement date under the applicable

retirement plan or policy of his or her employer or due to early retirement with the consent of the Board;

(z) "Regulations" has the meaning ascribed to that term in Section 11 hereof;

(aa) "Security Based Compensation Arrangement" has the meaning ascribed in Section 613(b) of the Toronto Stock Exchange Company Manual, and includes:

(i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups;

(ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the Corporation's security holders;

(iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased;

(iv) stock appreciation rights involving issuances of securities from treasury;

(v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and

(vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the Corporation by any means whatsoever;

(bb) "Share" means a Common share without nominal or par value in the capital of the Corporation;

(cc) "Shareholder" means a holder of one or more Shares; and

(dd) "TSX" means the Toronto Stock Exchange.

2.2 Unless otherwise indicated, all dollar amounts referred to in this Option Plan are in Canadian funds.

2.3 As used in this Plan, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa, unless the context otherwise requires.

3. Administration of the Plan

3.1 The Plan shall be administered by the Board with the assistance of the Compensation Committee and the chief executive officer as provided herein.

3.2 The members of the Compensation Committee shall be appointed from time to time by, and serve at the pleasure of, the Board. A majority of the Compensation Committee shall constitute a quorum thereof. Acts approved in writing by all members of the Compensation Committee shall constitute valid acts of the Compensation Committee as if taken at a meeting at which a quorum was present.

3.3 The president and chief executive officer of the Corporation shall periodically make recommendations to the Compensation Committee as to the grant of Options.

3.4 The Compensation Committee shall, on at least an annual basis, make recommendations to the Board as to the grant of Options.

3.5 The Board may wait until such time as the financial statements of the preceding fiscal year are approved by the Board before making any determination regarding the grant of Options.

3.6 In addition to the powers granted to the Board under the Plan and subject to the terms of the Plan, the Board shall have full and complete authority to grant options, interpret the Plan, to prescribe such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and to take such actions in connection therewith as it deems necessary or advisable. Any such interpretation, rule, determination or other act of the Board shall be conclusively binding upon all persons.

3.7 The Board may authorize one or more officers of the Corporation to execute and deliver and to receive documents on behalf of the Corporation.

4. Shares Subject to the Plan

4.1 The maximum number of Shares that may be reserved for issuance pursuant to Options granted under the Plan, when taken together with Shares reserved for issuance pursuant to all of the Corporation's Security Based Compensation Arrangements then either in effect or proposed, shall not at any time exceed 10% of the total number of issued and outstanding Shares at the Grant Date of the Options, subject to adjustment as provided in Section 10 hereof and subject to reloading permitted under Subsection 4.4 (which reloading shall increase the aggregate number of Shares that may be issued under the Plan by the number of additional Shares permitted to be reserved under Subsection 4.4).

4.2 The total number of Shares that may be reserved for issuance to any one person pursuant to Options granted under the Plan in any one year shall not exceed 5% of the Shares of the Corporation issued and outstanding on a non-diluted basis on the Grant Date of the Options.

4.3 Anything in this Plan to the contrary notwithstanding:

(a) the maximum number of Shares that may be reserved for issuance pursuant to Options granted under the Plan to Insiders of the Corporation, together with the number of Shares reserved for issuance to such Insiders under the Corporation's other previously established or proposed share compensation arrangements, shall

not exceed 10% of the issued and outstanding Shares on a non-diluted basis at the Grant Date of the Options; and

(b) the maximum number of Shares which may be issued to Insiders of the Corporation within any one-year period, pursuant to Options granted under the Plan when taken together with the number of Shares issued to such Insiders under the Corporation's other previously established or proposed share compensation arrangements, shall not exceed 10% of the Shares of the Corporation's issued and outstanding on a non-diluted basis at the end of such period.

Any entitlement to acquire Shares granted pursuant to the Plan or any other options prior to the grantee becoming an Insider shall be excluded for the purposes of the limits set out in paragraph (b) above.

4.4 Options may be granted in respect of authorized and unissued Shares. Shares in respect of which Options have expired, were cancelled or otherwise terminated for any reason without having been exercised shall be available for subsequent Options under the Plan. Options that have been exercised shall be available for subsequent grants under the Plan and the Corporation shall reserve additional Shares for issuance pursuant to such Options. No fractional Shares may be purchased or issued under the Plan.

5. Grants of Options

5.1 Subject to the provisions of the Plan, the Board shall from time to time, determine those Eligible Persons to whom Options shall be granted and the Grant Date. Options granted to Eligible Persons in accordance with the requirement hereunder shall be at no cost to the Eligible Person. The Board shall also determine, in connection with each grant of Options:

(a) the number of Options to be granted;

(b) the Option Price applicable to each Option, but the Option Price shall not be less than the Market Value per Share on the Grant Date;

(c) the vesting conditions of the Options, if any; and

(d) the other terms and conditions (which need not be identical and which, without limitation, may include non-competition provisions) of all Options covered by any grant.

6. Eligibility, Vesting and Terms of Options

6.1 Options may be granted to Eligible Persons only.

6.2 Subject to the adjustments provided for in Section 10 hereof, each Option shall entitle the Optionee to purchase one Share.

6.3 The option period (the "Option Period") of each Option commences on the Grant Date and expires at 4:30 p.m. Vancouver time on the tenth anniversary of the Grant Date. If an Option expires during a Black-Out Period, then, notwithstanding any other provision of the Plan, the Option shall expire 10 business days after the Black-Out Period is lifted by the Corporation.

6.4 An Option which has vested may be exercised (in each case to the nearest full Share) at any time during the Option Period.

6.5 An Option is personal to the Optionee and may not be sold, transferred, assigned or disposed of in any way except, by will or by the laws governing the devolution of property, to the Optionee's executor, administrator or other personal representative in the event of death of the Optionee, or to a Permitted Assign.

7. Option Agreement

7.1 Upon the grant of an Option, the Corporation and the Optionee shall enter into an option agreement, in a form set out in Appendix "A" attached hereto or in such other form as approved by the Board, which agreement shall set out the Optionee's agreement that the Options are subject to the terms and conditions set forth in the Plan as it may be amended or replaced from time to time, the Grant Date, the name of the Optionee, the Optionee's position with the Corporation, the number of Options, the Option Price, the expiry date of the Option Period, the conditions (if any) imposed on the exercise of the Option, and such other terms and conditions as the Board may deem appropriate.

8. Termination of Employment, Engagement or Directorship

8.1 Optionees shall have 60 days from:

(a) the date on which the Optionee's employment, engagement or directorship with the Corporation or its Related Entity is terminated due to Retirement, Disability or Redundancy;

(b) the date the company by which the employee is employed and by virtue of which the Optionee is an Eligible Person ceases to be a Related Entity of the Corporation; or

(c) the date on which the undertaking or part undertaking of the company in which the employee is employed and by virtue of which the Optionee is an Eligible Employee is transferred or sold such that the company is no longer a Related Entity of the Corporation;

to exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of such termination; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto.

8.2 Any Optionee whose employment, engagement or directorship with the Corporation or employment with the Corporation's Related Entity is terminated, other than for cause, at any time in the six months following a change of control of the Corporation (as hereinafter defined) shall have 90 days from the date of such termination to exercise any Option granted hereunder. All Options granted shall immediately vest on the date of such termination; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto. For the purposes of this Subsection 8.2, "change of control" shall mean the acquisition by a person, or combination of persons acting in concert, of:

(a) a sufficient number of the voting rights attached to the outstanding voting securities of the Corporation which together with the voting securities held by such person or persons, affect materially the control of the Corporation; or

(b) more than 50% of the voting rights attached to the outstanding voting securities of the Corporation;

and such persons or combination of persons did not hold a sufficient number of voting rights to affect materially the control of the Corporation immediately prior to the time of such acquisition.

8.3 In the event of the death of an Optionee, either while in the employment or engagement or while a director of the Corporation or its Related Entity or after Retirement or Disability, the Optionee's executor, administrator or other personal representative who have acquired the right to exercise such Option from the Optionee by will or the laws of devolution may, within 365 days from the date of the Optionee's death, exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of the Optionee's death; provided, however, that no Option shall be exercisable following the expiration of the Option Period applicable thereto.

8.4 In the event an Optionee's employment, engagement or directorship with the Corporation or its Related Entity terminates for any reason other than for cause, death, or in the circumstances described in Subsections 8.1, 8.2 or 8.3 hereof, the Optionee may exercise any Option granted hereunder to the extent such Option was exercisable and had vested on the date of termination no later than thirty (30) days after such termination. In the event an Optionee's employment, engagement or directorship is terminated for cause, each Option held by the Optionee that has not been exercised prior to such termination shall lapse and become null and void immediately upon such termination.

8.5 The Board may also in its sole discretion increase the periods permitted to exercise all or any of the Options covered by any Grant following a termination of employment, engagement or directorship as provided in Subsections 8.1, 8.2, 8.3 or 8.4 above, if allowable under applicable law; provided, however, that in no event shall any Option be exercisable following the expiration of the Option Period applicable thereto.

8.6 This Plan and any instrument executed pursuant to either of them will not:

(a) confer on any Optionee any right to continue in employment, engagement or directorship with the Corporation or its Affiliates;

(b) affect the right of the Corporation, to terminate the employment, engagement or directorship of any Optionee without liability at any time with or without cause;

(c) impose upon the Board (or, if so delegated, the Compensation Committee) or any other person any duty or liability whatsoever (whether in contract, tort, or otherwise howsoever) in connection with:

(i) the lapsing of any Option pursuant to the Plan;

(ii) the failure or refusal to exercise any discretion under the Plan; or

(iii) an Optionee ceasing to be an Eligible Person for any reason whatever.

8.7 The benefit of Subsection 8.6 is given to the Corporation for itself and as trustee and agent of each Related Entity. To the extent that this Section benefits any company, which is not a party to the Plan, the benefit shall be held on trust and as agent by the Corporation for such company and the Corporation may, at its discretion, assign the benefit of Subsection 8.6 to any such company.

9. Exercise of Options

9.1 Subject to the provisions of the Plan, an Option may be exercised from time to time by delivery to the Corporation at its registered office of a written notice of exercise addressed to the Secretary of the Corporation specifying the number of Shares with respect to which the Option is being exercised, together with a certified cheque or bank draft for the aggregate of the Option Prices to be paid for the Shares to be purchased. Certificates for such Shares shall be issued and delivered to the Optionee not later than 30 days following the receipt of such notice and payment.

9.2 No less than 100 Options may be exercised at any one time, except where a smaller number of Options is or remains exercisable pursuant to a grant, in which case, such smaller number of Options must be exercised at one time.

10. Adjustment on Alteration of Share Capital

10.1 In the event of a subdivision, consolidation or reclassification of outstanding Shares or other capital adjustment, or the payment of a stock dividend thereon, the number of Shares reserved or authorized to be reserved under the Plan, the number of Shares receivable on the exercise of an Option and the Option Price therefor shall be increased or reduced proportionately and such other adjustments shall be made as may be deemed necessary or equitable by the Board.

10.2 If the Corporation amalgamates, consolidates or combines with or merges with or into another body corporate, whether by way of amalgamation, statutory arrangement or otherwise (the right to do so being hereby expressly reserved) (a "Business Combination"), any Share receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such Business Combination if the Optionee had exercised his or her Option immediately prior to the effective date of such Business Combination and the Option Price shall be adjusted as may be deemed necessary or fair and equitable by the Board and such adjustment shall be binding for all purposes of the Plan.

10.3 In the event of a change in the Corporation's currently authorized Shares which is limited to a change in the designation thereof, the shares resulting from any such change shall be deemed to be Shares within the meaning of the Plan.

10.4 In the event of any change affecting the Shares other than the changes referred to in Subsections 10.1, 10.2 and 10.3, such adjustment, if any, shall be made as may be deemed equitable by the Board in its sole discretion to properly reflect such event and such adjustment shall be binding for all purposes of the Plan.

10.5 No adjustment provided in this Section 10 shall require the Corporation to issue a fractional Share and the total adjustment with respect to each Option shall be limited accordingly.

11. Regulatory Approval

11.1 Notwithstanding any of the provisions contained in the Plan or any Option, the Corporation's obligation to grant Options and issue Shares pursuant to the exercise of an Option and to issue and deliver certificates for such securities to an Optionee shall be subject to:

(a) compliance with all applicable laws, regulations, rules, orders of governmental or regulatory authorities in Canada ("Regulations");

(b) compliance with the requirements of the Exchange, if applicable; and

(c) receipt from the Optionee of such covenants, agreements, representations and undertakings, including as to future dealings in such Shares, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

11.2 The Corporation shall in no event be obligated to take any action in order to cause the issuance and delivery of such certificates to comply with any laws, regulations, rules, orders or requirements.

11.3 If any amendment, modification or termination to the provisions hereof or any Option made pursuant hereto are required by any Regulations or a stock exchange or market as a condition of approval to a distribution to the public of any Shares or to obtain a listing or quotation of any Shares, the Board is authorized to make such amendments and thereupon the

terms of the Plan, any Options, including any option agreement made pursuant hereto, shall be deemed to be amended accordingly without requiring the consent or agreement of any Optionee.

12. Miscellaneous

12.1 An Optionee entitled to Shares as a result of the exercise of an Option shall not be deemed for any purpose to be, or to have rights as, a shareholder of the Corporation by such exercise, except to the extent Shares are issued therefor and then only from the date such Shares are issued. No adjustment shall be made for dividends or distributions or other rights which the record date is prior to the date such Shares are issued pursuant to the exercise of Options.

12.2 The Corporation may require an Optionee, as a condition of exercise of an Option, to pay or reimburse any taxes which are required to be withheld in connection with the exercise of such Option.

13. Effective Date, Amendment and Termination

13.1 The Plan is effective as of April 26, 2016.

13.2 The Board may, subject where required by Regulations and/or Exchange approval and Shareholder approval, amend the Plan at any time. Notwithstanding the foregoing, the Board is specifically authorized to amend or revise the terms of the Plan or any Option without obtaining Shareholder approval in the following circumstances, provided that, in the case of any outstanding Option, no such amendment or revision may, without the consent of the Optionee, materially decrease the rights or benefits accruing to such Optionee or materially increase the obligations of such Optionee:

(a) amendments of a "housekeeping" nature including, but not limited to, of a clerical, grammatical or typographical nature;

(b) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;

(c) a change to the vesting provisions of any Option or the Plan;

(d) amendments to reflect any changes in Regulations or the requirements of the Exchange to which the Company is subject;

(e) a change to the termination provisions of an Option which does not result in an extension beyond the Option Period as contemplated in Subsection 8.5 of the Plan;

(f) in the case of any Option, such amendments or revisions contemplated in Subsections 10.1, 10.2 and 10.3 of the Plan;

(g) amendments to the definition of change of control for the purposes hereof;

(h) the addition of a cashless exercise feature, payable in cash or securities of the Corporation; and

(i) a change to the class of Eligible Persons that may participate under the Plan, except to include Non-Employee Directors.

For greater certainty, the Option Price of any outstanding Option granted to any non-Insiders of the Corporation may not be reduced and the original Option Period may not be extended unless Shareholder approval is obtained by way of a resolution passed by a majority of the votes cast by the Shareholders at a meeting of Shareholders. The Option Price of any outstanding Option granted may not be reduced and the original Option Period may not be extended to the benefit of Insiders of the Corporation unless disinterested Shareholder approval is obtained in accordance with the requirements of the TSX, except in certain circumstances where the Corporation has imposed a Black-Out Period in accordance with Section 6.3 hereof.

13.3 Notwithstanding Section 13.2, no amendments to the following matters shall be made by the Board without the Corporation first obtaining Shareholder approval:

(a) amend the Plan to increase the number of Shares reserved for issuance under the Plan;

(b) amend the amendment provisions of the Plan;

(c) any amendment which would permit Options granted under the Plan to be transferable or assignable otherwise than, by will or by the law governing the devolution of property, to the Optionee's executor, administrator or other personal representative in the event of death of the Optionee;

(d) any amendment to the class of Eligible Persons that may participate under the Plan to include Non-Employee Directors; and

(e) amend Section 4.2 and 4.3.

13.4 The Board may, subject where required by Regulations and/or Exchange approval, from time to time suspend or terminate the Plan in whole or in part. No action by the Board to terminate the Plan pursuant to this Section 13 shall affect any Options granted hereunder which became effective pursuant to the Plan prior to such action.

13.5 Notwithstanding any provision contained in the Plan, effective June 7, 2016, the Plan must be reconfirmed, every three years, by a resolution passed by a majority of the votes cast by Shareholders at a meeting of Shareholders and if the Plan is not reconfirmed by the Shareholders as required by this provision, no further grants of Options may be made under the Plan.

APPENDIX A

Incentive Stock Option Plan of Polaris Materials Corporation

OPTION AGREEMENT

This Option Agreement is entered into between Polaris Materials Corporation (the "Corporation") and the Optionee named below pursuant to the Corporation's Incentive Stock Option Plan, as amended (the "Plan") a copy of which is attached hereto, and confirms the following:

1. Grant Date: _____

2. Optionee: _____

3. Optionee's Position with the Corporation: _____

4. Number of Options: _____

5. Option Price ($ per Share): $ _____

6. Expiry Date of Option Period: _____

7. Each Option that has vested entitles the Optionee to purchase one Share at any time up to 4:30 p.m. Vancouver time on the expiry date of the Option Period. The Options vest as follows:

   (a) 25% of the Options granted shall vest immediately upon the Grant Date;

   (b) an additional 25% of the Options granted shall vest after the expiry of a period of 6 months from the Grant Date; and

   (c) an additional 25% of the Options granted shall vest after the expiry of a period of 9 months from the Grant Date; and

   (d) an additional 25% of the Options granted shall vest after the expiry of a period of 12 months from the Grant Date.

8. The Option is non-assignable and non-transferrable otherwise than, by will or by the law governing the devolution of property, to the Optionee's executor, administrator or other personal representative in the event of death of the Optionee.

9. This Option Agreement is subject to the terms and conditions set out in the Plan, as amended or replaced from time to time. In the case of any inconsistency between this Option Agreement and the Plan, the Plan shall govern.

10. Unless otherwise indicated, all defined terms shall have the respective meanings attributed thereto in the Plan.

11. By signing this agreement, the Optionee acknowledges that he, she, or its authorized representative has read and understands the Plan and agrees that the Options are granted under and governed by the terms and conditions of the Plan, as may be amended or replaced from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the _____ day of _____, _____.

SIGNED, SEALED AND DELIVERED by _____ in the presence of:	)	
_____	)	_____
Signature of Witness	)	**Signature by Optionee**
_____	)	_____
Print Name	)	**Print Name**

POLARIS MATERIALS CORPORATION

Per: _____
Authorized Signatory

Notice of Exercise of Incentive Stock Option

TO: POLARIS MATERIALS CORPORATION (the "Company")

I wish to exercise _____ of the incentive stock options granted to me by the Company at the price of CDN $_____ per share and enclose herewith the amount of $_____ in payment of the total exercise price for such shares.

DATED as of _____, 200____.

_____
Signature of Optionee

_____
Please print name of Optionee

Please have the share certificate issued as follows:

Registration Instructions:		**Delivery Instructions:**	
Name		Name	
Account reference, if applicable		Account reference, if applicable	
Address		Address	
Telephone Number	Fax Number	Telephone Number	Fax Number
Contact Name		Contact Name	

POLARIS MATERIALS

SCHEDULE C

POLARIS MATERIALS CORPORATION

INDEPENDENT DIRECTORS DEFERRED UNIT PLAN

(the "**Plan**")

as of April 26, 2016

1. Purpose of the Plan

1.1 The purpose of the Plan is to promote the alignment of interests between the Independent Directors of the Corporation and the shareholders of the Corporation and to provide an equity component to the Independent Director's total compensation package designed to attract and retain qualified directors.

2. Definitions

2.1 For the purposes of the Plan, the following terms have the respective meanings set forth below:

(a) "**Act**" means the *Income Tax Act* (Canada);

(b) "**Affiliate**" has the same meaning ascribed to that term as set out in the BCSA;

(c) "**Associate**" has the same meaning ascribed to that term under Subsection 2.22 of National Instrument 45-106;

(d) "**BCSA**" means the *Securities Act* (British Columbia);

(e) "**Black-Out Period**" means that period during which a trading black-out period is imposed by the Corporation to restrict trades in the Corporation's securities by a Designated Participant;

(f) "**Board**" means the board of directors of the Corporation;

(g) "**Change of Control**" means the occurrence of any one or more of the following events:

(i) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates (as such term is defined in the *Business Corporations Act* (British Columbia) and another corporation or other entity, as a result of which the holders of Shares immediately prior to the completion of the transaction hold less than 50% of the outstanding shares of the successor corporation after completion of the transaction;

(ii) the sale, lease, exchange or other disposition, in a single transaction or a series of related transactions, of assets, rights or properties of the Corporation and/or any of its subsidiaries which have an aggregate book value greater than 30% of the book value of the assets, rights and properties of the Corporation and its subsidiaries on a consolidated basis to any other person or entity, other than a disposition to a wholly-owned subsidiary of the Corporation in the course of a reorganization of the assets of the Corporation and its subsidiaries;

(iii) a resolution is adopted to wind-up, dissolve or liquidate the Corporation;

(iv) any person, entity or group of persons or entities acting jointly or in concert (an "**Acquiror**") acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Shares which, when added to the Shares owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror (as such terms are defined in the Securities Act (British Columbia) to cast or to direct the casting of 50% or more of the votes attached to all of the Shares which may be cast to elect directors of the Corporation or the successor corporation (regardless of whether a meeting has been called to elect directors);

(v) as a result of or in connection with: (A) a contested election of directors, or; (B) a consolidation, merger, amalgamation, arrangement or other reorganization or acquisition involving the Corporation or any of its Affiliates and another corporation or other entity, the nominees named in the most recent management information circular of the Corporation for election to the Board shall not constitute a majority of the Board; or

(vi) the Board adopts a resolution to the effect that a Change of Control as defined herein has occurred or is imminent.

(h) "**Compensation Committee**" means the Governance, Compensation and Nominating Committee of the Board constituted by the Board and if none is so constituted, the full Board;

(i) "**Corporation**" means Polaris Materials Corporation;

(j) "**Deferred Unit Account**" has the meaning ascribed thereto in Subsection 6.1;

(k) "**Deferred Units**" or "**DUs**" means a bookkeeping entry, denominated in Shares, credited to the Deferred Unit Account of a Designated Participant in accordance with the provisions hereof;

(l) "**Designated Participant**" means an Independent Director;

(m) "**Designated Participant's Acknowledgement**" means a designated participant's acknowledgement in the form of Schedule A – Designated Participant's Acknowledgement attached hereto or in such form as approved by the Board;

(n) **"Director Fees"** means the compensation payable to an Independent Director for services as an Independent Director including the retainer payable for acting as a director on the Board, a member of a committee of the Board or as a Chair or the Board or a committee of the Board during a calendar year or fees payable for participating in, or travelling to, meetings of the Board of a committee of the Board;

(o) "**Election Notice**" means a notice of election substantially in the form of Schedule D – Election Notice;

(p) "**Estate**" means the executor or administrator or other legal representative of the Designated Participant's estate or such other person that has acquired rights to DUs directly from the Designated Participant by bequest or inheritance, will or by the laws governing the devolution of property in the event that the Designated Participant was an Independent Director at the time of his or her death;

(q) "**Exchange**" means if the Shares are listed on the TSX, the TSX and, if the Shares are not listed on the TSX, any other principal exchange upon which the Shares are listed;

(r) "**Filing Date**" means the date the Redemption Notice is filed in accordance with Subsection 7.2 or is deemed to be filed in accordance with Subsection 7.5 or in the case of U.S. Designated Participants subject to Schedule C, in accordance with Schedule C;

(s) "**Grant Date**" has the meaning ascribed thereto in Subsection 5.1;

(t) "**Independent Director**" means a member of the Board of Directors of the Corporation who is not an employee of the Corporation or an Affiliate of the Corporation;

(u) "**Insider**" has the same meaning ascribed to that term as set out in the TSX Company Manual;

(v) "**Market Value**" of a Deferred Unit or a Share means on any given date, the five day volume weighted average trading price of the Shares on the Exchange, calculated by dividing the total value by the total volume of the Shares traded for on the Exchange for the five Trading Days immediately preceding the relevant date that the Shares were traded on, provided that if the Shares are suspended from trading or have not traded on the Exchange for an extended period of time, then the market value will be the fair market value of a Share as determined by the Board in its sole discretion;

(w) "**Plan**" or "**Deferred Unit Plan**" means this Independent Directors Deferred Unit Plan of the Corporation, as may be amended and/or restated from time to time;

(x) "**Redemption Date**" has the meaning ascribed thereto in Subsection 7.2;

(y) "**Redemption Notice**" means a notice of redemption substantially in the form of Schedule B – Redemption Notice;

(z) "**Regulators**" has the meaning ascribed thereto in Subsection 9.1;

(aa) "**Related Entity**" means a person that is controlled by the Corporation or is controlled by the same person that controls the Corporation and "control" for the purpose of this definition has the same meaning as set out in section 2.23 of National Instrument 45-106;

(bb) "**Security Based Compensation Arrangement**" has the meaning ascribed in Section 613(b) of the Toronto Stock Exchange Company Manual, and includes:

(i) stock option plans for the benefit of employees, insiders, service providers or any one of such groups;

(ii) individual stock options granted to employees, service providers or insiders if not granted pursuant to a plan previously approved by the Corporation's security holders;

(iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased;

(iv) stock appreciation rights involving issuances of securities from treasury;

(v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and

(vi) security purchases from treasury by an employee, insider or service provider which is financially assisted by the Corporation by any means whatsoever;

(cc) "**Share**" means, subject to Section 8 hereof, a Common share in the capital of the Corporation;

(dd) "**Shareholder**" means a holder of one or more Shares;

(ee) "**Termination Date**" means the earliest date on which both of the following conditions are satisfied:

(i) the date on which a Designated Participant ceases to be a member of the Board for any reason whatsoever including resignation, disability, death, retirement, or loss of office as a director; and

(ii) the date on which a Designated Participant is neither an employee nor a member of the board of directors of the Corporation or any corporation related to the Corporation for the purposes of the Act.

(ff) "**Trading Day**" means any day on which the Exchange is open for trading of Shares provided that if the Shares are no longer listed on any stock exchange, means any day which is a business day in British Columbia;

(gg) "**TSX**" means the Toronto Stock Exchange; and

(hh) "**U.S. Designated Participant**" means any Designated Participant whose DUs are subject to tax under the United States Internal Revenue Code of 1986 as compensation received from the Corporation or its affiliates.

2.2 Unless otherwise indicated, all dollar amounts referred to in this Plan are in Canadian funds.

2.3 As used in this Plan,

(a) unless the context otherwise requires, words importing the masculine gender shall include the feminine and neuter genders and words importing the singular shall include the plural and vice versa;

(b) unless the context otherwise requires, the expressions "herein", "hereto", "hereof"," hereunder" or other similar terms refer to the Plan as a whole, together with the schedules, and references to a Section, Subsection or Schedule by number or letter or both refer to the Section, Subsection or Schedule, respectively, bearing that designation in the Plan; and

(c) the term "include" (or words of similar import) is not limiting whether or not non-limiting language (such as "without limitation" or words of similar import) is used with reference thereto.

3. Administration of the Plan

3.1 The Plan shall be administered by the Compensation Committee.

3.2 The Compensation Committee will make periodic recommendations to the Board as to the grant of DUs. DUs shall be granted by the Board in its sole discretion, subject to the value of any DUs granted with respect to a Designated Participant's Director Fees in lieu of cash on the date of grant being equal to no more than the percentage of such Director Fees elected to be received by such Designated Participant in the form of DUs elected in the applicable Election Notice filed in accordance with Section 4.1, and the value of each such DU on the date of grant

shall be equal to the Market Value on the Trading Day immediately prior to the date of grant. No fractional DU shall be created by the Board.

3.3 In addition to the powers granted to the Board under the Plan and subject to the terms of the Plan, the Board shall have full and complete authority to grant DUs, interpret the Plan, to prescribe such rules and regulations as it deems necessary for the proper administration of the Plan and to make such determinations and to take such actions in connection therewith as it deems necessary or advisable. Any such interpretation, rule, determination or other act of the Board shall be conclusively binding upon all persons. Notwithstanding the foregoing, all actions of the Board shall be such that this Plan continuously meets the conditions of paragraph 6801(d) of the Regulations under the Act, or any successor provision, in order to qualify as a "prescribed plan or arrangement" for purposes of the definition "salary deferral arrangement" contained in subsection 248(1) of the Act.

3.4 The Board may authorize one or more officers of the Corporation to execute and deliver and to receive documents on behalf of the Corporation.

4. Election

4.1 A Designated Participant may elect to receive up to 100% of such Designated Participant's Director Fees in a particular year in the form of Deferred Units in lieu of cash, by filing an Election Notice with the Chief Executive Officer, President, Chief Financial Officer or Corporate Secretary by December 15 of the calendar year prior to such particular year in which the services giving rise to such Director Fees are performed or, in the case of a newly appointed Independent Director, within thirty (30) days of such appointment, provided that such election will apply only to Director Fees earned after the filing of such Election Notice. Upon filing such Election Notice, the Designated Participant will be deemed to have elected to be paid in Deferred Units as set out in the Election Notice for such particular year and until such time as the Director provides a further Election Notice, by December 15 of the calendar year prior to the year to which such election is to apply, that indicates an election to receive a different percentage of such Designated Participant's Director Fees to be received in the form of DU's in lieu of cash (including that no further Director Fees are to be paid in Deferred Units) for such particular year. Each Designated Participant who has filed an Election Notice is only entitled once per calendar year to file a further Election Notice. If no election is made within the foregoing time frames, the Designated Participant shall be deemed to have elected to be paid such Designated Participant's Director Fees in cash.

4.2 Notwithstanding a Designated Participant filing an Election Notice as contemplated in Section 4.1, DUs shall be granted by the Board in its sole discretion and a Designated Participant shall not be entitled to a grant of DUs as elected in such Election Notice until the Board has approved such grant.

5. Grants of DUs

5.1 Subject to the provisions of the Plan and to Schedule C with respect to U.S. Designated Participants, the Board from time to time, will determine the date on which such DUs are to be granted (the "**Grant Date**") provided that the Grant Date shall not be a date that occurs during a

Black-Out Period. The Board shall also determine, in its sole discretion, in connection with each grant of DUs:

(a) the number of DUs to be granted; and

(b) such other terms and conditions (which need not be identical and which, without limitation, may include non-competition provisions) of all DUs covered by any grant.

5.2 In the event of a Change of Control, all DUs that are not vested shall vest immediately and automatically without further action by the Board, subject to any restrictions imposed by the Exchange pursuant to its policies stated herein or otherwise at the time of vesting.

5.3 If the DUs are inadvertently granted during a Black-Out Period, then the Grant Date shall be deemed to be the fourth Trading Day following the end of the Black-Out Period.

5.4 The maximum number of Shares that may be reserved for issuance pursuant to DUs granted under the Plan and the number of DUs shall not at any time exceed 2% of the total number of issued and outstanding Shares at the Grant Date of the DUs, subject to adjustment as provided in Section 8 hereof and subject to reloading permitted under Subsection 5.6 (which reloading shall increase the aggregate number of Shares that may be issued under the Plan by the number of additional Shares permitted to be reserved under Subsection 5.6).

5.5 Notwithstanding any other provision of the Plan, the aggregate number of DUs that may be granted and remain outstanding under the Plan shall not at any time be such as to result in:

(a) the maximum number of Shares that may be reserved for issuance pursuant to DUs granted under the Plan, together with the number of Shares reserved for issuance under the Corporation's other previously established or proposed Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares on a non-diluted basis;

(b) the maximum number of Shares that may be reserved for issuance pursuant to DUs granted under the Plan to Insiders of the Corporation, together with the number of Shares reserved for issuance to such Insiders under the Corporation's other previously established or proposed Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares on a non-diluted basis at the Grant Date of the DUs;

(c) the maximum number of Shares which may be issued to Insiders of the Corporation within any one-year period, pursuant to DUs granted under the Plan when taken together with the number of Shares issued to such Insiders under the Corporation's other previously established or proposed Security Based Compensation Arrangements, shall not exceed 10% of the Shares of the Corporation's issued and outstanding on a non-diluted basis at the end of such period; and

(d) the issuance or grant to any one Designated Participant, together with the number of Shares reserved for issuance to such Designated Participant under the Corporation's other previously established or proposed Security Based Compensation Arrangements, within a one-year period, of an aggregate number of DUs and Shares issuable or reserved for issuance exceeding a Market Value on the grant date of $150,000.

For the purposes of this Section 5.5, the number of issued and outstanding Shares shall be determined on a non-diluted basis. In addition, for purposes clauses of (b) and (c) of this Section 5.5, Deferred Units, and any other Shares reserved for issuance under the Corporation's other previously established or proposed Security Based Compensation Arrangements, granted prior to the Designated Participant becoming an Insider shall be excluded.

5.6 DUs may be granted in respect of authorized and unissued Shares. Shares in respect of which DUs have expired, were cancelled or otherwise terminated for any reason without having been exercised shall be available for subsequent DUs under the Plan. DUs that have been exercised shall be available for subsequent grants under the Plan and the Corporation shall reserve additional Shares for issuance pursuant to such DUs. No fractional Shares may be purchased or issued under the Plan

5.7 No certificates shall be issued with respect to DUs. However, upon the grant of a DU, the Designated Participant shall execute a Designated Participant's Acknowledgement which shall set out the name of the Designated Participant, the number of DUs, the Grant Date, and such other terms and conditions as the Board may deem appropriate.

6. Accounts

6.1 An account, to be known as a "**Deferred Unit Account**", shall be maintained by the Corporation for each Designated Participant and shall be credited with such notional grants of Deferred Units as are granted to or otherwise credited to a Designated Participant from time to time. The Designated Participant's Deferred Unit Account shall indicate the number of Deferred Units which have been credited to such account from time to time in accordance with the terms herein.

6.2 From and after the date of Plan, whenever cash dividends are paid on the Shares, additional DUs will be credited to the Designated Participant's Deferred Unit Account in accordance with this Subsection 6.2. The number of such additional DUs will be calculated by dividing the total cash dividends that would have been paid to such Designated Participant if the DUs recorded in the Designated Participant's Deferred Unit Account as at the record date for the dividend had been Shares by the market value, being the volume weighted average trading price of the Shares on the Exchange for such record date or, if such record date is not a Trading Day, the first Trading Day following such record date, rounded down to the next whole number of DU. No fractional DU will thereby be created. If such Trading Day is during a Black-Out Period, then such day shall be the first Trading Day following the end of the Black-Out Period.

6.3 Deferred Units that are redeemed in accordance with the Plan shall be cancelled and shall cease to be recorded in the Designated Participant's Deferred Unit Account as of the date on

which such Deferred Units are redeemed, and the Designated Participant will have no further right, title or interest in such Deferred Units.

6.4 A DU is personal to the Designated Participant and is non-assignable and non-transferable other than as permitted hereunder by will or by the laws governing the devolution of property in the event of death of the Designated Participant. Provided the Designated Participant was an Independent Director at the time of his or her death, the Estate can continue participation in the Plan as representative of the Designated Participant. However, the death of a Designated Participant results in a Termination Date for purposes of the Plan and the Estate will receive payment after death pursuant to the rights of the Designated Participant in the Plan as set forth herein.

7. Redemption and Payment of DUs

7.1 Deferred Units will be redeemable and the value thereof payable after the Termination Date of a Designated Participant.

7.2 On or after the Termination Date, the Designated Participant (or, subject to Subsection 7.4, his Estate) will cause the Corporation to redeem the Deferred Units held in his Deferred Unit Account as at the Redemption Date (as defined below) by filing a Redemption Notice with the Corporation's Chief Executive Officer, President, Chief Financial Officer or Corporate Secretary specifying the Redemption Date (which must be received by the Corporation by, and specify a date, no later than December 15 of the first calendar year commencing after the calendar year in which the Termination Date occurred (the "**Redemption Date**")), and acknowledging that such Deferred Units are to be redeemed. A Redemption Notice shall apply to all Deferred Units held by the Designated Participant at the time it is filed.

7.3 Fifteen (15) Trading Days after the Redemption Date but no later than December 31 of the first calendar year commencing after the calendar year in which the Termination Date occurred, the Designated Participant (or his Estate) shall have the right to receive, and shall receive, with respect to all Deferred Units held in his Deferred Unit Account as at the Redemption Date:

(a) subject to the Plan receiving Shareholder approval and Section 11.5, a whole number of Shares equal to the whole number of Deferred Units then recorded in the Designated Participant's Deferred Unit Account; or

(b) if such shareholder approval is not obtained, a cash payment equal to the Market Value of such Deferred Units as of the Redemption Date.

7.4 If a Designated Participant dies before ceasing to be an Independent Director of the Corporation, the Designated Participant's Estate may redeem the Designated Participant's DUs by filing the Redemption Notice with the Corporation as set out in Subsection 7.2, specifying the Redemption Date which must be received by the Corporation by, and specify a date, no later than December 15 of the first calendar year commencing after the calendar year of the Designated Participant's date of death and provided that, in any event, the receipt of Shares equal to the whole number of DUs or the payment of the Market Value of the DUs to the Estate, as

applicable as provided for in this Section 7, will take place no later than December 31 of the first calendar year commencing after the Designated Participant's date of death.

7.5 If the Designated Participant (or his Estate) fails to file a Redemption Notice with the Corporation by the latest date on which such Redemption Notice can be filed to specify the December 15 Redemption Date referred to in Subsections 7.2 and 7.4, the Designated Participant (or his Estate) shall be deemed to have filed with the Corporation's Chief Executive Officer, President, Chief Financial Officer or Corporate Secretary, on such latest permitted date, a Redemption Notice specifying December 15 of the first calendar year commencing after the year in which the Termination Date occurred as the Redemption Date, for such Designated Participant's Deferred Units, and the Designated Participant (or his Estate) shall have the right to receive, and shall receive, with respect to all Deferred Units as at the Redemption Date:

(a) subject to the Plan receiving Shareholder approval and Section 11.5, a whole number of Shares equal to the whole number of Deferred Units then recorded in the Designated Participant's Deferred Unit Account; or

(b) if such shareholder approval is not obtained, a cash payment equal to the Market Value of such Deferred Units as of the Redemption Date.

7.6 For greater certainty, notwithstanding any other provision herein (other than Subsections 9.1 and 9.2),

(a) the date specified as the Redemption Date shall be no later than December 15 of the first calendar year commencing after the calendar year in which the Termination Date occurred and no earlier than the Filing Date of the Redemption Notice; and

(b) payment of the Market Value of DUs shall occur no later than December 31 of the first calendar year commencing after the calendar year in which the Termination Date occurred.

8. Adjustment on Alteration of Share Capital

8.1 In the event of a subdivision, consolidation or reclassification of outstanding Shares or other capital adjustment, or the payment of a stock dividend thereon, the number of Shares equal to a DU shall be increased or reduced proportionately and such other adjustments shall be made as may be deemed necessary or equitable by the Board in its sole discretion and such adjustment shall be binding for all purposes.

8.2 Unless the Board otherwise determines in good faith, if the Corporation amalgamates, consolidates or combines with or merges with or into another body corporate, whether by way of amalgamation, arrangement or otherwise (the right to do so being hereby expressly reserved) or a successful take-over bid is made for all or substantially all of the Shares (a "**Business Combination**"), then:

(a) for the purposes of determining the Shares to be issued to a Designated Participant on the redemption of a DU under Section 7, the Shares receivable on

the Redemption Date shall be the securities, property and/or cash which the Designated Participant would have received upon such Business Combination if the Designated Participant's DU was redeemed immediately prior to the effective date of such Business Combination, as determined in good faith by the Board in its sole discretion and such determination shall be binding for all purposes of the Plan; and

(b) for the purposes of determining the cash payment to be made to a Designated Participant on the redemption of a DU under Section 7, the cash payment shall be equal to the fair market value on the Redemption Date of the securities, property and/or cash which the Designated Participant would have received upon such Business Combination if the Designated Participant's DU was redeemed immediately prior to the effective date of such Business Combination, as determined in good faith by the Board in its sole discretion and such determination shall be binding for all purposes of the Plan.

8.3 In the event of any other change affecting the Shares, such adjustment, if any, shall be made as may be deemed necessary or equitable by the Board in its sole discretion to properly reflect such event and such adjustment shall be binding for all purposes of the Plan.

9. Regulatory Approval

9.1 Notwithstanding any of the provisions contained in the Plan, the Designated Participant's Acknowledgement or the Election Notice, or any term of a DU, the Corporation's obligations hereunder, including obligations to grant DUs or otherwise make payments or issue Shares to a Designated Participant under Subsection 7.3 shall be subject to:

(a) compliance with all applicable laws, regulations, rules, or orders of governmental or regulatory authorities, including without limitation, any stock exchange on which the Shares are listed ("**Regulators**"); and

(b) receipt from the Designated Participant of such covenants, agreements, representations and undertakings, including as to future dealings in such DUs, as the Corporation determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction.

If the Board determines that compliance with all applicable laws, regulations, rules, orders referenced above (including a consideration of tax law implications) require changes to the terms of a DU, such change shall be determined in good faith by the Board in its sole discretion.

9.2 Notwithstanding any provisions in the Plan, the Designated Participant's Acknowledgment or Election Notice, or any term of a DU, if any amendment, modification or termination to the provisions hereof or any DU made pursuant hereto are required by any Regulator, a stock exchange or a market as a condition of approval to a distribution to the public of any Shares or to obtain or maintain a listing or quotation of any Shares, the Board is authorized to make such amendments as determined appropriate and in good faith by the Board (including consideration of tax law implications) and thereupon the terms of the Plan, the Designated Participant's Acknowledgement and Election Notice, and DUs, shall be deemed to be

amended accordingly without requiring the consent or agreement of any Designated Participant or holder of a DU.

10. Miscellaneous

10.1 The Plan does not confer upon any Designated Participant any right with respect to a continuation as an Independent Director of the Corporation.

10.2 DUs are not Shares and the grant of DUs do not entitle a Designated Participant to any rights as a shareholder of the Corporation nor to any rights to Shares or any securities of the Corporation.

10.3 For greater certainty, the Corporation makes no representation or warranty as to the future value of any DU granted in accordance with the provisions of the Plan.

10.4 The Corporation may withhold or require a Designated Participant, as a condition of redeeming a DU to pay or reimburse any taxes, social security contributions and other source deductions which are required to be withheld by the Corporation under applicable law in connection with the redemption of the DU. Under no circumstances shall the Corporation be responsible for the payment of any tax, social security contributions or any other source deductions on behalf of any Designated Participant or for providing any tax advice to the Designated Participant.

10.5 In addition to the other terms and conditions of this Plan (and notwithstanding any other term or condition of this Plan to the contrary), special requirements for U.S. Designated Participants apply as set out in Schedule C - Additional Terms Applicable to U.S. Designated Participants attached hereto.

11. Effective Date, Amendment and Termination

11.1 The Plan is effective as of April 26, 2016.

11.2 The Board may, subject where required by Regulator approval and Shareholder approval, amend the Plan at any time. Notwithstanding the foregoing, the Board is specifically authorized to amend or revise the terms of the Plan or any DUs without obtaining Shareholder approval in the following circumstances, provided that, in the case of any outstanding DUs, no such amendment or revision may, without the consent of the Designated Participant holding such DUs, materially decrease the rights or benefits accruing to such Designated Participant or materially increase the obligations of such Designated Participant:

(a) amendments of a "housekeeping" nature including, but not limited to, of a clerical, grammatical or typographical nature;

(b) to correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;

(c) a change to the vesting provisions of any DUs or the Plan;

(d) amendments to reflect any changes in applicable laws, regulations, rules, orders or the Regulators or the requirements of the Exchange to which the Corporation is subject;

(e) in the case of any DUs, such amendments or revisions contemplated in Section 8 of the Plan; and

(f) a change to the class of Designated Participants that may participate under the Plan.

11.3 The Board may, subject where required by Regulators approval, from time to time suspend or terminate the Plan in whole or in part. No action by the Board to terminate the Plan pursuant to this Section 11 shall affect any DUs granted pursuant to the Plan prior to such action.

11.4 Notwithstanding Section 11.2, no amendments to the following matters shall be made by the Board without the Corporation first obtaining Shareholder approval:

(a) amend the Plan to increase the number of Shares reserved for issuance under the Plan;

(b) amend the amendment provisions of the Plan;

(c) any amendment which would permit DUs granted under the Plan to be transferable or assignable otherwise than, by will or by the law governing the devolution of property, to the Designated Participant's executor, administrator or other personal representative in the event of death of the Designated Participant;

(d) amend any Deferred Unit granted under the Plan to extend the redemption date beyond the original redemption date (for both Insider and non-Insider grants); and

(e) amend Section 5.5.

11.5 Notwithstanding any provision contained in the Plan, effective June 7, 2019, the Plan must be reconfirmed, every three years, by a resolution passed by a majority of the votes cast by Shareholders at a meeting of Shareholders and if the Plan is not reconfirmed by the Shareholders as required by this provision, with respect to any further grants of DUs, on the Redemption Date, Designated Participants shall only be entitled to receive a cash payment pursuant 7.3(b) and shall not be entitled to receive any Shares pursuant to 7.3(a).

INDEPENDENT DIRECTORS DEFERRED UNIT PLAN OF POLARIS MATERIALS CORPORATION

SCHEDULE A

DESIGNATED PARTICIPANT'S ACKNOWLEDGEMENT

1. **Acknowledgment**: The Designated Participant acknowledges having received a copy of the Deferred Unit Plan of the Polaris Materials Corporation (the "**Corporation**") as amended and/or restated from time to time (the "**Plan**"). By signing this acknowledgement (the "**Acknowledgement**"), the Designated Participant acknowledges and that he or she has read and understands the Plan and agrees that the terms therein (including any amendments since the date of grant) govern the grants hereunder.

2. **Grant**: Subject to the terms and conditions of the Plan, the Corporation grants the Designated Participant the DUs set out below on the terms and conditions set out below.

   (a) Name of Designated Participant: _____ (the "**Designated Participant**")

   (b) Grant Date: _____

   (c) Number of DUs: _____

   (d) Other Terms: <@> [insert other terms if applicable]

3. **Representations**: The Designated Participant acknowledges that the Corporation makes no representation or warranty as to the future value of any DU granted in accordance with the provisions of the Plan.

4. **Withholding Obligations**: The Designated Participant acknowledges and agrees that the Corporation may withhold or require a Designated Participant, as a condition of redeeming a DU to pay or reimburse any taxes, social security contributions and other source deductions which are required to be withheld by the Corporation under applicable law in connection with the redemption of the DU. The Designated Participant acknowledges that under no circumstances shall the Corporation be responsible for the payment of any tax, social security contributions or any other source deductions on behalf of any Designated Participant.

5. **Tax Advice**: The Designated Participant hereby acknowledges that the grant and redemption of DUs may be subject to tax, under applicable federal, provincial, state or other laws of any jurisdiction, no representation has been made and he or she has not received any advice from Corporation as to tax or legal ramifications of the grant or redemption of DUs hereunder and he or she has been advised to seek independent tax advice as he or she deems necessary.

6. **Consent to Use of Personal Information**: The Designated Participant agrees that the Corporation may collect and use personal information for any purpose that is permitted by law to be made without the consent of the Designated Participant, or is required by

law, or by the by-laws, rules, regulations or policies or any regulatory organization governing the Corporation and that the Corporation may further use or disclose such information for the following purposes:

(a) to comply with securities and tax regulatory requirements;

(b) to provide the Designated Participant with information; and

(c) to otherwise administer the Plan.

7. **Compliance with Laws and Policies**: The Designated Participant acknowledges and agrees that the undersigned will, at all times, act in strict compliance with any and all applicable laws and any policies of the Corporation applicable to the Designated Participant in connection with the Plan.

8. **Terms and Conditions**: This Acknowledgement is subject to the terms and conditions set out in the Plan, and such terms and conditions are incorporated herein by this reference and agreed to by the Designated Participant. In the case of any inconsistency between this Acknowledgement and the Plan, the Plan shall govern. Unless otherwise indicated, all defined terms shall have the respective meanings attributed thereto in the Plan.

Effective as of _____

POLARIS MATERIALS CORPORATION

Per: _____
Authorized Signatory

Acknowledged and Agreed to:

_____	)	_____
Signature of Designated Participant	)	Signature of Witness
_____	)	_____
Name and Title of Designated Participant	)	Name of Witness

INDEPENDENT DIRECTORS DEFERRED UNIT PLAN OF POLARIS MATERIALS CORPORATION

SCHEDULE B

REDEMPTION NOTICE

To: Polaris Materials Corporation (the "**Corporation**")

I hereby advise the Corporation that:

I wish the Corporation to redeem all the Deferred Units credited to the account of _____ (insert name of Designated Participant) under the Corporation's Deferred Unit Plan (the "**Plan**") on _____ (insert Redemption Date, which shall be received by the Corporation no later than December 15 of the first calendar year commencing after the calendar year in which the Termination Date occurs or in the case of U.S. Designated Participants subject to Schedule C, it must be received by December 15th of the calendar year in which the Termination Date occurs)[1], and acknowledge that I will receive: (a) subject to the approval of the shareholders of the Corporation of this Plan in compliance with the requirements of the Exchange, a whole number of Common Shares of the Corporation equal to the whole number of Deferred Units then recorded in the my Deferred Unit Account; or (b) if such shareholder approval is not obtained, a cash payment equal to the Market Value of such Deferred Units as of the Redemption Date.

I hereby acknowledge that the redemption is subject to the terms and conditions set out in the Plan, and such terms and conditions are incorporated herein by this reference. In the case of any inconsistency between this Notice and the Plan, the Plan shall govern. Unless otherwise indicated, all defined terms shall have the respective meanings attributed thereto in the Plan.

[1] The Redemption Date must comply with the Plan requirements, including the requirement that Redemption Date not be a date which is later than December 15 of the first calendar year commencing after the calendar year in which the Termination Date occurs or in the case of U.S. Designated Participants subject to Schedule C, not later than December 15th of the calendar year in which the Termination Date occurs and may not be a date which is earlier than the Filing Date of the Redemption Notice. For U.S. Designated Participants, see Schedule C. Redemption Notice does not apply to U.S. Designated Participants that die before ceasing to be an independent director of the Corporation.

Date	**(Signature of Designated Participant or in the case of an Estate, the Designated Participant's legal representative)**
	(Print Name of Designated Participant in Block Letters or in the case of an Estate, the Designated Participant's legal representative and the name of the Designated Participant on whose behalf the legal representative is acting[2])

[2] The signature of the legal representative is to be supported by the appropriate documents duly appointing the legal representative.

INDEPENDENT DIRECTORS DEFERRED UNIT PLAN OF POLARIS MATERIALS CORPORATION

SCHEDULE C

ADDITIONAL TERMS APPLICABLE TO U.S. DESIGNATED PARTICIPANTS

Capitalized terms not defined herein shall have the meaning ascribed to them in the Polaris Materials Corporation Independent Directors Deferred Unit Plan (the "**Plan**"). Notwithstanding any other provisions of the Plan, the following provisions will apply.

I. Provisions To Enable Compliance With Both Canada And United States Tax Laws

If the DUs of a Designated Participant are subject to tax under the income tax laws of Canada and also are subject to tax under Section 409A ("**Section 409A**") of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), the following provisions will apply. For greater clarity, the following forfeiture provisions are intended to avoid adverse tax consequences under paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) and/or under Section 409A, that may result because of the different requirements as to the time of redemption of Deferred Units, and thus the time of taxation, with respect to a Designated Participant's retirement or loss of office (under tax laws of Canada) and his separation from service (under U.S. tax law). The intended consequence of the forfeiture provision in this Article I is that payment with respect to the redemption of DUs will occur only if Designated Participant's Termination Date constitutes both a retirement or loss of office within the meaning of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada) and a separation from service ("**Separation From Service**") under Section 409A.

If a Designated Participant whose DUs are subject to tax in both the U.S. and Canada taxing jurisdictions otherwise would be entitled to payment with respect to DUs in either of the following circumstances, such DUs shall instead be immediately and irrevocably forfeited, unless the relevant taxation authorities have provided guidance acceptable to the Board that the payment with respect to DUs under such circumstances would not result in adverse tax consequences to the Designated Participant or to the Corporation under either the *Income Tax Act* (Canada) or the Code, or that compliance with the tax rules of only one jurisdiction would not cause a failure to comply with the rules of the other taxing jurisdiction:

(a) a Designated Participant experiences a Separation From Service for purposes of a distribution required under Section 409A as a result of ceasing to be a member of the Board, but such person continues providing services as an employee or as a member of the board of an affiliate, and as a result he has not experienced a retirement from, or loss of office or employment with, the Corporation or a corporation related thereto within the meaning of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada); or

(b) a Designated Participant experiences a retirement from, or loss of office or employment with, the Corporation or a corporation related thereto, within the meaning of paragraph 6801(d) of the regulations under the *Income Tax Act* (Canada), by virtue of ceasing employment as both an employee and as a director,

but he continues to provide services as an independent contractor such that he has not experienced a Separation from Service under Section 409A.

II. Provisions Applicable To U.S. Designated Participants

Notwithstanding anything to the contrary contained in the Plan, the following provisions set forth in this Article II of Schedule C shall apply to any portion of a Designated Participant's DUs that is subject to U.S. federal income tax and to Section 409A. Generally this may include DUs that are held by U.S. citizens regardless of residence, by non-U.S. citizens who are U.S. permanent residents and by other individuals if and to the extent they become subject to U.S. federal income tax on compensatory income. Such DUs are intended to comply with Section 409A. The Plan, including this Schedule C which is incorporated by reference in the Plan, and any other documents under which the Plan is administered, shall be construed and administered accordingly. Subject to Article I of this Schedule C, the specified payment date or event for purposes of Section 409A is the calendar year in which a U.S. Designated Participant's separation from service occurs or, if earlier, the U.S. Designated Participant's death. Except in the case of death of a U.S. Designated Participant, payment upon redemption of DUs held by a U.S. Designated Participant shall occur on a date following the U.S. Designated Participant's separation from service and in all cases within the calendar year in which such separation from service occurred.

1. "**Termination Date**" shall have meaning ascribed to it in the Plan, provided that such event also constitutes a separation from service ("**Separation from Service**") within the meaning of Section 409A.

2. Section 4 of the Plan is replaced in its entirety with the following:

   "4.1 A U.S. Designated Participant may elect to receive up to 100% of such Designated Participant's Director Fees in a particular year in the form of Deferred Units in lieu of cash, by filing an Election Notice with the Chief Executive Officer, President, Chief Financial Officer or Corporate Secretary by December 15 of the calendar year prior to the year in which the services giving rise to such Director Fees are performed, or, in the case of a newly appointed Independent Director, within thirty (30) days of such appointment provided that such election will apply only to Director Fees earned after the timely submission of the Election Notice. Upon filing such Election Notice, the U.S. Designated Participant will be deemed to have elected to be paid in Deferred Units as set out in the Election Notice for such particular year and for all future years unless the U.S. Designated Participant files, on or before December 15, a further Election Notice applicable to Director Fees earned in the subsequent year that indicates an election to receive a different percentage of such U.S. Designated Participant's Director Fees to be received in the form of DU's in lieu of cash (including that no further Director Fees are to be paid in Deferred Units) for such particular year. Election Notices are irrevocable as of December 31st of the year prior to the calendar year for which such Election Notice applies. If no election is made within the foregoing time frames, the Designated Participant shall be deemed to have elected to be paid such Designated Participant's Director Fees in cash.

4.2 Notwithstanding a U.S. Designated Participant filing an Election Notice as contemplated in Section 4.1, the Board in its sole discretion may, prior to December 31st of the year prior to the calendar year for which such Election Notice is to apply, reject such Election Notice and notify the U.S. Designated Participant that he or she shall not be entitled to a grant of DUs as elected in such Election Notice

3. Section 7 of the Plan is replaced in its entirety with the following:

"7.1 Subject to Article I of Schedule C, Deferred Units will be redeemable and the value thereof payable after the Termination Date of a U.S. Designated Participant and on or before the last day of the year in which such Termination Date occurs.

7.2 On or after the Termination Date, but before December 16th of the calendar year in which such Termination Date occurs, the U.S. Designated Participant will cause the Corporation to redeem the Deferred Units held in his Deferred Unit Account as at the Termination Date by filing a Redemption Notice with the Corporation's Chief Executive Officer, President, Chief Financial Officer or Corporate Secretary specifying as the Redemption Date a date that is on or after the Termination Date and the Filing Date of the Redemption Notice and before December 16th of the year in which such Termination Date occurs, which notice shall be received by the Corporation no later than December 15 of such year (the "**Redemption Date**"), and acknowledging that such Deferred Units are to be redeemed. A Redemption Notice shall apply to all Deferred Units held by the Designated Participant at the time it is filed. If the Termination Date is after December 15th in a calendar year, the Redemption Date shall be the Termination Date.

7.3 If the Designated Participant fails to file a Redemption Notice with the Corporation before December 16th of the calendar year in which the Termination Date occurs, and Subsection 7.2 does not apply, the Redemption Date shall be December 15 of the year in which such Termination Date occurred.

7.4 Within fifteen (15) Trading Days after the Redemption Date but in all cases no later than December 31 of the calendar year in which the Redemption Date occurs, the Designated Participant shall have the right to receive, and shall receive, with respect to all Deferred Units held in his Deferred Unit Account as at the Redemption Date:

(a) subject to the Plan receiving Shareholder approval and Section 11.5, a whole number of Shares equal to the whole number of Deferred Units then recorded in the Designated Participant's Deferred Unit Account; or

(b) if such shareholder approval is not obtained, a cash payment equal to the Market Value of such Deferred Units as of the Redemption Date.

7.5 Subsections 7.2, 7.3 and 7.4 do not apply if a Designated Participant dies before ceasing to be an Independent Director of the Corporation, in which case, the Redemption Date of DUs held by such Designated Participant shall be the 60th day after the date of death and the Designated Participant's Estate shall have the right to receive, and shall receive, with respect to all Deferred Units held in the Designated Participant's Deferred Unit Account as at the Redemption Date:

(a) subject to the Plan receiving Shareholder approval and Section 11.5, a whole number of Shares equal to the whole number of Deferred Units then recorded in the Designated Participant's Deferred Unit Account; or

(b) if such shareholder approval is not obtained, a cash payment equal to the Market Value of such Deferred Units as of such Redemption Date,

no later than 75 days after the date of death."

4. Notwithstanding anything to the contrary in Subsections 11.2 and 11.3 of the Plan or any other provision of the Plan, any amendment, termination or substitution with respect to any outstanding DU will be undertaken in a manner that complies with Section 409A.

5. Except as permitted under Section 409A, any DUs or payment with respect to DUs, may not be reduced by, or offset against, any amount owing by the Designated Participant to the Corporation or an Affiliate.

6. It is highly unlikely that a Designated Participant will be a "Specified Employee" for purposes of Section 409A at the time of his or her Separation from Service. However, if a Designated Participant is a Specified Employee at the time he or she otherwise would be entitled to payment as a result of his or her Separation From Service, any payment that otherwise would be payable during the six-month period following such Separation From Service will be delayed and shall be paid on the first day of the seventh month following the date of such Separation from Service. A Designated Participant's status as a Specified Employee shall be determined by the Corporation as required by Section 409A on a basis consistent with the regulations thereunder and such basis for determination will be consistently applied to all plans, programs, contracts, agreements and arrangements that are subject to Section 409A.

INDEPENDENT DIRECTORS DEFERRED UNIT PLAN OF POLARIS MATERIALS CORPORATION

SCHEDULE D

ELECTION NOTICE

Capitalized terms not defined herein shall have the meaning ascribed to them in the Polaris Materials Corporation Independent Directors Deferred Unit Plan (the "**Plan**").

1. **Election**: Pursuant to the Plan, I hereby elect to participate in the Plan and to receive _____% of my Director Fees in the form of Deferred Units in lieu of cash.

2. **Representations**: The Designated Participant acknowledges that:

   (a) except as otherwise provided in Schedule C, notwithstanding this Election Notice, Deferred Units shall be granted by the Board in its sole discretion and a Designated Participant shall not be entitled to a grant of Deferred Units as elected in this Election Notice until the Board has approved such grant;

   (b) I have received and reviewed a copy of the terms of the Plan and agree to be bound by them; and

   (c) the Corporation makes no representation or warranty as to the future value of any DU granted in accordance with the provisions of the Plan.

Effective as of _____

_____	)	_____
Signature of Designated Participant	)	Signature of Witness
_____	)	_____
Name and Title of Designated Participant	)	Name of Witness