



**PURE NICKEL INC.**

**Annual General and Special Meeting of  
Shareholders to be held June 24, 2015**

**Management Information Circular  
May 12, 2015**

**PURE NICKEL INC.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

Notice is hereby given that an Annual General and Special Meeting (the "Meeting") of the shareholders of Pure Nickel Inc. will be held at the offices of Collins Barrow Toronto LLP, 11 King Street, Suite 700, Toronto, Ontario, Canada, on June 24, 2015 at 10:00 a.m. EDT for the following purposes:

- to receive the financial statements for the fiscal year ended November 30, 2014 and the Auditors' Report on those financial statements;
- to elect directors to our board;
- to vote on appointing our auditors;
- to vote on reapproving our stock option plan ("Plan");
- to transact other business as may properly be brought before the Meeting, or any adjournment thereof. We are not aware of any other items of business to be considered at this Meeting.

Our directors have set the close of business on May 20, 2015 as the record date ("Record Date"). You will receive this notice and be entitled to vote at the Meeting if you owned our shares on that date.

**DATED** at Toronto, Ontario, May 12, 2015.

**BY ORDER OF THE BOARD**

*"Lisa Buchan"*

Lisa Buchan  
Corporate Secretary

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares are voted at the Meeting, are requested to date, sign and return in the envelope provided for that purpose, the enclosed form of proxy, or complete and submit the form of proxy through the internet, telephone or by such other method as is identified, and pursuant to any instructions contained, in the form of proxy.**

All instruments appointing proxies to be used at the Meeting or at any adjournment thereof must be received by our transfer agent, Computershare Trust Company of Canada ("Computershare"), 100 University Avenue, 8<sup>th</sup> Floor, North Tower, Toronto, Ontario M5J 2Y1, at least 48 hours (excluding Saturdays, Sundays, and holidays) before the time of the Meeting or any adjournment thereof. The time limit for deposit of proxies may be waived by the Chairman of the Meeting at his discretion.

**SOLICITATION OF PROXIES**

**This Management Information Circular is furnished in connection with the solicitation of proxies by the management of Pure Nickel Inc. (the "Company"), for use at the Annual General and Special Meeting of the shareholders of the Company at the time and place and for the purposes set forth in the accompanying Notice of Meeting or at any adjournment thereof. The solicitation will be primarily by mail, however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company.**

**PURE NICKEL INC.  
MANAGEMENT INFORMATION CIRCULAR**

**VOTING – Questions and Answers**

You have received this Management Information Circular (“Circular”) because our records indicate you held common shares of Pure Nickel Inc. (“Pure Nickel”, the “Company”) as of the close of business on May 20, 2015 (“Record Date”) and we are sending this Circular to you in connection with the 2015 Annual General and Special Meeting (the “Meeting”) of our shareholders to be held on June 24, 2015.

***Am I entitled to vote?***

You are entitled to vote if you were a holder of common shares as of the close of business on May 20, 2015. Each common share that you own entitles you to one vote.

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

You are voting on the following business matters that are to be addressed at the Meeting:

- the election of directors to our board of directors to serve until the next annual meeting of shareholders;
- the appointment of Grant Thornton LLP (“Grant Thornton”) as our auditors, to serve until the next annual meeting of shareholders and to authorize the board to fix their remuneration;
- the reapproval of our stock option plan; and
- any other business that properly comes before the Meeting.

***Who is soliciting my proxy?***

The management of Pure Nickel Inc. is soliciting your proxy. Solicitation of proxies is primarily by mail but may also be made by telephone or other contact, by employees or agents of the Company. All costs of such solicitation (if any) will be borne by us.

***How do I vote?***

You can vote your shares by attending and voting your shares at the Meeting, or by having your shares voted by proxy. How you exercise your vote depends on whether you are a Registered Shareholder or a Non-Registered Shareholder.

*Registered Shareholders* - If you were a Registered Shareholder on the Record Date, you can attend and vote at the Meeting, together with all other Registered Shareholders. Alternatively, you can submit your completed proxy for your shares to Computershare through the internet or telephone or by signing, dating and returning the enclosed form of proxy in the envelope provided, so that such shares can be voted at the Meeting.

*Non-Registered Shareholders* - If your shares are **not registered** in your name, but are held in the name of a nominee (usually a bank, trust company, securities broker or other financial institution) you should have received a request for voting instructions (“Voting Instruction Form”) from your nominee. Please note that we have limited access to the names of our non-registered shareholders. If you attend the Meeting, we will have no record of your shareholding or your entitlement to vote unless your nominee has appointed you as proxyholder. Therefore if you wish to vote in person at the Meeting insert your own name in the space provided on the Voting Instruction Form and return it by following the instructions provided. Do not otherwise complete the Voting Instruction Form as your vote will be taken at the Meeting. Please register with our transfer agent Computershare when you arrive at the Meeting. If you do not intend to attend the Meeting in person, **follow the instructions on your Voting Instruction Form to vote by telephone, internet or complete, sign and mail it in the envelope provided.**

***When do I need to return my completed proxy?***

All proxies, whether transmitted by mail, telephone or the internet, must be received not later than 10:00 a.m. EDT on June 22, 2015 or in the case of any adjournment(s) or postponement(s) of the Meeting, by no later than 48 hours (excluding Saturdays, Sundays or holidays) before the adjourned or postponed Meeting.

***Who votes my shares and how will they be voted if I return a proxy?***

When you complete and return the proxy, you are authorizing the person(s) named in it to attend the Meeting and to vote your shares. The shares represented by your proxy will be voted or withheld from voting in accordance with your instructions on any ballot that may be called for and if you specify a choice with respect to any matter to be acted upon, the shares will be voted accordingly. If you properly complete and return your proxy but do not specify how you wish the votes cast, your shares will be voted as your proxyholder sees fit. **Unless contrary instructions are provided, shares represented by proxies by management will be voted:**

- **For** the election of directors of those nominees set out in this Circular;
- **For** the appointment of Grant Thornton LLP as our auditors to serve until the next annual meeting of shareholders and to authorize the directors to fix their remuneration; and
- **For** reapproving the stock option plan.

***Can I appoint someone other than the individuals named in the enclosed proxy to vote my shares?***

Yes, you have the right to appoint another person of your choice, other than the persons designated in the form of proxy, who need not be a shareholder, to attend and act on your behalf at the Meeting. To appoint a person other than those named in the enclosed proxy, strike out those printed name(s) appearing on the proxy and insert the name of your chosen proxyholder in the space provided. Note that you should ensure that any other person you appoint will attend the Meeting and is aware that his or her appointment has been made to vote your shares. Proxyholders should, on arrival at the Meeting, present themselves to a representative of Computershare.

***What if my shares are registered in more than one name or in the name of a company?***

If your shares are registered in more than one name, all those persons in whose name they are registered must sign the proxy. If the shares are registered in the name of a company or any name other than your own, you may need to provide documentation that proves you are authorized to sign the proxy on behalf of that company or name. If you have any questions as to what supporting documentation is required, please contact Computershare prior to submitting your proxy.

***Can I revoke a proxy or voting instruction?***

If you are a Registered Shareholder and have returned a proxy, you may revoke it at any time prior to the exercise thereof by:

- (a) Completing and signing another proxy bearing a later date, and delivering it to Computershare at any time up to 10:00 a.m. EDT on June 23, 2015 (or if the Meeting is adjourned, on the last business day preceding the day to which the Meeting is adjourned);
- (b) Delivering a written statement, signed by you or your authorized attorney to Computershare at any time up to 10:00 am EDT on June 23, 2015, (or if the Meeting is adjourned, on the last business day preceding the day to which the Meeting is adjourned);
- (c) Delivering a written statement, signed by you or your authorized attorney to the chairman of the Meeting on the day of the Meeting or an adjournment thereof; or
- (d) In any other manner permitted by law.

If you are a Non-Registered Shareholder, please contact your nominee. If you have returned a form of proxy and then attend personally at the Meeting you should, on arrival at the Meeting, contact a representative of Computershare to revoke the proxy and vote in person.

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

As of May 20, 2015 there were 68,144,874 common shares issued and outstanding. Each share held at the close of business on May 20, 2015 (the Record Date) is entitled to one vote. A quorum of shareholders is present if the holders of 5% of the common shares that are entitled to vote at the Meeting are present in person or represented by proxy at the Meeting. Our board of directors and our executive officers do not know of any person or company who at today's date beneficially owns or controls or directs, directly or indirectly, more than 10% of our outstanding common shares.

***How may the proxyholders exercise their discretion?***

The proxy provides discretionary authority to the management designees, or other persons named in the proxy, with respect to amendments to or variations of matters identified here and any other matters which may properly come before the Meeting or any adjournments of it. At the date of this Circular, management is not aware of any amendments to, or variations of, or other matters which may come before the Meeting other than the matters referred to herein. In any such event, the management designees intend to vote in accordance with their judgment on such matters.

## **BUSINESS OF THE MEETING**

The Meeting will cover five items of business;

1. Receive the audited consolidated financial statements of Pure Nickel Inc. for the fiscal year ended November 30, 2014, and the related Auditors' Report on those financial statements;
2. Elect the directors of Pure Nickel;
3. Appoint the auditors of Pure Nickel and authorize the board of directors to determine their remuneration and terms of engagement;
4. Reapprove the stock option plan; and
5. Transact such other business as may properly come before the Meeting or any adjournment thereof.

### **1. Audited Consolidated Financial Statements**

Our audited consolidated financial statements for the year ended November 30, 2014 and the Auditors' Report thereon will be presented to the Meeting. No vote by our shareholders with respect thereto is required. If any shareholders have questions regarding the financial statements, the questions may be brought forward at the Meeting. These statements and the Auditors' Report are available on SEDAR at [www.sedar.com](http://www.sedar.com) and our website, [www.purenickel.com](http://www.purenickel.com).

### **2. Election of Directors**

The board of directors is currently composed of six (6) directors they are: Harry Blum, Thomas Kofman, David McPherson, R. David Russell, Constantine Salamis and W.S. (Steve) Vaughan. The term of office of each current director will expire on the date of the Meeting when the new board is elected. Constantine Salamis has notified the Company that he will not stand for re-election. The board has determined to reduce the size of the board to five (5) directors. Management proposes to nominate the five (5) directors listed below for re-election. The Company maintains an independent majority board consistent with good governance practices.

Each director will hold office until the next annual meeting of the shareholders, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. In the event that prior to the Meeting any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the proxy as nominee to vote the common shares represented by proxy for the election of any other person or persons as directors.

We have adopted a policy for non-contested Meetings whereby shareholders will vote separately for each director nominee and any director nominee for whom the number of votes withheld exceeds the number of votes cast in his or her favour at an annual (or annual and special) Meeting of shareholders will be deemed not to have received the support of the shareholders, even if he or she is elected. A director elected in such circumstances must forthwith submit his or her resignation to the board, effective on acceptance by the board. The board will then consider the resignation of such director nominee and will promptly accept the resignation unless the board determines that there are extraordinary circumstances relating to the composition of the board or the voting results that should delay the acceptance of such resignation or justify rejecting it. In any event, it is expected that the resignation of such director nominee will be accepted or rejected within 90 days of the holding of the applicable shareholder Meeting and that a public announcement of the decision will also be made within 90 days.

The following tables, including the notes, set out the names of the management nominees, their positions and offices, principal occupations during the last five years, the period of time that they have been our directors, and the number of common shares that each beneficially owns or over which control or direction is exercised. All of the nominees for directors are residents of Canada except for R. David Russell who is a resident of the United States.

Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the election of the nominees named in this Circular unless otherwise directed by shareholders appointing them.

<b>Harry Blum, CPA, CA</b> Ontario, Canada  Director Since: 2007  Independent  Chair of Audit Committee	Mr. Blum is the Managing Partner of Collins Barrow Toronto LLP, Chartered Accountants and has more than 25 years of audit, tax and transaction advisory experience. Mr. Blum moved to a predecessor firm of Collins Barrow Toronto in 1992 and was admitted into partnership in 1995. Responsible for building one of the most distinctive advisory practices in Eastern Canada, offering specialized services across almost every major industry and service sector, Mr. Blum has advised private equity funds and private and public companies on their acquisition and divestiture strategies. He has also led complex tax-based transactions and private debt and equity placements. His governance duties extend to Collins Barrow National as a Management Subcommittee member and as National Chair of Member Firm Recruitment. Mr. Blum is also a member of the Board of Directors of Baker Tilly International as well as a member of the Finance Committee of the Board. Mr. Blum graduated with a Bachelor of Commerce from the University of Toronto.	
	<b>Board Committees</b> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Governance &amp; Nominating Committee</li> <li>• Compensation Committee</li> </ul>	<b>Securities Owned, Controlled or Directed<sup>(1)</sup></b> Common Shares 136,200 Options to acquire common shares 400,000
	<b>Public Board Memberships</b> First Metals Inc.	

<b>Thomas Kofman, CPA, CA</b> Ontario, Canada  Director Since: 2012  Independent	Mr. Kofman has over 25 years of experience in North American capital markets as both issuer and banker. He is founder and chairman of M Partners Inc., an independent full-service investment bank since 2005. Mr. Kofman has served as Senior Vice President and Chief Financial Officer of IPC Financial Network Inc., Vice President of Finance and Chief Financial Officer of RealFund. Mr. Kofman is a Chartered Professional Accountant and received a Bachelor of Arts degree from York University.	
	<b>Board Committees</b> <ul style="list-style-type: none"> <li>• Audit Committee</li> </ul>	<b>Securities Owned, Controlled or Directed<sup>(1)</sup></b> Common Shares 100,000 Options to acquire common shares 200,000
	<b>Public Board Memberships</b> Urbanfund Corp.	

<b>David McPherson</b> Ontario, Canada  Director Since: 2007  Non-Independent	Mr. McPherson has over 25 years of financial institution experience with a major chartered bank, a number of those years being at the executive level. He has had responsibility for large regional retail and small business banking operations. He has served in an advisory capacity to a number of community-based economic development groups including Niagara Growth Fund, a regional venture capital fund. From 2001 to 2006 Mr. McPherson was a Vice-President with First Ontario Credit Union and led strategy development, product and marketing groups. Mr. McPherson joined the board of Pure Nickel when it went public in March of 2007 and assumed the role of President and Chief Executive Officer in December of that year.	
	<b>Board Committees</b> <ul style="list-style-type: none"> <li>• Technical Committee</li> </ul>	<b>Securities Owned, Controlled or Directed<sup>(1)</sup></b> Common Shares 1,018,647 Options to acquire common shares 850,000
	<b>Public Board Memberships</b> None	

<b>R. David Russell</b> Colorado, USA  Director Since: 2006  Independent  Chair of the Board	Mr. Russell has over three decades of executive experience in the mineral exploration and development industry. From 2002 to June 2010 Mr. Russell was President, CEO and a director of the former Apollo Gold Corporation, (now Primero Mining Corp). Mr. Russell's previous positions included Vice-President and CEO of Getchell Gold Company/Placer Dome Gold, General Manager, US Operations, LAC Minerals Ltd. (now Barrick Gold Corporation), Manager, Underground Mining, Independence Mining Company, Project Manager, Hecla Mining Company, Manager, Lincoln Project FMC/Meridian Gold. Mr. Russell graduated from the Montana School of Mineral Science and Technology with a Bachelor of Science Degree in Mining Engineering.	
	<b>Board Committees</b> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Governance &amp; Nominating Committee</li> <li>• Compensation Committee</li> <li>• Technical Committee</li> </ul>	<b>Securities Owned, Controlled or Directed<sup>(1)</sup></b> Common Shares 175,000 Options to acquire common shares 400,000
	<b>Public Board Memberships</b> None	

<b>W.S. (Steve) Vaughan</b> Ontario, Canada  Director Since: 2007  Non-Independent	Mr. W.S. (Steve) Vaughan became a partner at the law firm Dorsey Whitney LLP in February 2014. Prior to that he was counsel at the law firm Heenan Blaikie LLP since February, 2007. Mr. Vaughan has participated in natural resource transactions in more than 50 countries over his career. Mr. Vaughan has served on various committees advising Canadian governments, the Ontario Securities Commission and Toronto Stock Exchange on issues such as mineral policy, mineral strategy, mining finance, mining taxation, seed capital formation, junior resource policies, over-the-counter trading and nuclear issues. Mr. Vaughan is a director and member of the Securities and Audit Committees of the Prospectors and Developers Association of Canada. He is a former director of the Toronto Branch of the Canadian Institute of Mining, Metallurgy and Petroleum and a past member of the Joint Toronto Stock Exchange Ontario Securities Commission Mining Standards Task Force.	
	<b>Board Committees</b> <ul style="list-style-type: none"> <li>• Technical Committee</li> </ul>	<b>Securities Owned, Controlled or Directed<sup>(1)</sup></b> Common Shares 35,000 Options to acquire common shares 200,000
	<b>Public Board Memberships</b> Consolidated Tanager Limited Transition Metals Corp. Western Troy Capital Resources Inc.	

Notes:

(1) Information with respect to the number of common shares held by the directors has been provided by the respective directors.

**Corporate Cease Trade Orders, Bankruptcies and Insolvencies**

To our knowledge, none of the proposed directors:

- is, at 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 any company (including Pure Nickel) that:
  - a) was subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an "order") and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - b) 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 of director, chief executive officer or chief financial officer,

other than Mr. Vaughan, who was a director of Copper Mesa Mining Corporation, formerly Ascendant Copper Corporation (a mineral exploration and development company focused on copper exploration in Ecuador), at the time that the company became subject to a cease trade order issued by the British



Columbia Securities Commission on April 8, 2009, the Autorité des marchés financiers (Quebec Securities Commission) on April 9, 2009 and the Ontario Securities Commission on April 13, 2009 for failure to file an Annual Information Form for the year ended December 31, 2008, audited annual financial statements for the year ended December 31, 2008 and a Management, Discussion and Analysis document relating to the audited annual financial statements of said company for the year ended December 31, 2008. The cease trade order was revoked on June 13, 2009, June 16, 2009 and June 15, 2009 in the provinces of British Columbia, Quebec and Ontario, respectively. The company again became subject to a cease trade order issued by the British Columbia Securities Commission on August 24, 2009, the Autorité des marchés financiers on August 26, 2009 and the Ontario Securities Commission on August 27, 2009 for failure to file interim financial statements for the period ended June 30, 2009 and a Management Discussion and Analysis document relating to the interim financial statements for the period ended June 30, 2009. Subsequently Copper Mesa ceased doing business because of lack of funding although it has not, to his knowledge, been liquidated or become bankrupt. He resigned as a director of that company on July 9, 2010 and has no knowledge of events affecting Copper Mesa since that date. To his knowledge, there has been no criticism or findings against him. In addition, Mr. Vaughan was a director of Consolidated Tanager Resources Ltd., a mineral exploration and development company, which was the subject of cease trading orders issued against it by the Ontario, British Columbia and Alberta Securities Commissions on or about November 7, 2013 for being in default of filing certain financial statements and related certification filings by their due dates. The cease trading order was subsequently revoked by the Ontario and British Columbia Securities Commissions on or about April 10, 2014 after the filing and/or refiling of the said financial statements, the giving of certain Undertakings by Tanager to the Ontario Securities Commission and the issuance of the applicable press releases and SEDAR filings.

- 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 Pure Nickel), that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than: (i) Mr. Blum, a director of First Metals Inc., which announced on January 7, 2009 that it had filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act, and it subsequently filed a proposal to its creditors under Part III of that Act on April 17, 2009, which was approved by the Ontario Superior Court of Justice on June 18, 2009;
- 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, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

To our knowledge, no nominee for director has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **3. Appointment of Auditors**

SF Partnership LLP was the auditor of Pure Nickel from 2007 until November 24, 2014. By resolution of the board of directors, the board appointed Grant Thornton LLP, 19<sup>th</sup> Floor, Royal Bank Plaza South Tower, 200 Bay Street, Box 55, Toronto, Ontario, Canada, M5J 2P9 (“Grant Thornton”) as the Company’s new auditor on November 24, 2014.

As required by National Instrument 51-102 – *Continuous Disclosure Obligations*, attached to this Circular as Schedule A is the Notice of Change of Auditor of the Company in respect of the appointment of Grant Thornton, together with a letter from each of SF Partnership LLP and Grant Thornton.

At the Meeting, shareholders will be asked to appoint Grant Thornton as auditors of the Company to serve until the next annual meeting of shareholders and to authorize the board to fix their remuneration.

The fees paid to our auditors over the last two fiscal years are set out below:

<i>Year ended</i>	<i>Audit fees<sup>(1)</sup></i>	<i>Audit-related fees<sup>(2)</sup></i>	<i>Tax fees<sup>(3)</sup></i>	<i>All other fees</i>
November 30, 2014 <sup>(4)</sup>	\$31,500	\$10,500	\$1,575	–
November 30, 2013 <sup>(5)</sup>	\$32,640	–	\$1,579	–

(1) Audit fees include services that are provided by the independent auditor in connection with statutory and regulatory filings, principally for the audit of the annual financial statements prepared in accordance with Canadian GAAP.

(2) Audit-related fees include additional fees related to a restatement.

(3) Tax fees relate to fees in connection with certain tax advisory services provided to management.

(4) Fees paid to Grant Thornton LLP related to the audit of the November 30, 2014 financial statements.

(5) Fees paid to SF Partnership LLP related to the audit of the November 30, 2013 financial statements.

**Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Grant Thornton as our independent auditor until the next annual meeting of shareholders or until a successor is appointed, and that the board be authorized to fix the auditors' remuneration and terms of engagement, unless otherwise directed by shareholders.**

#### **4. Reapproval of the Stock Option Plan**

Pure Nickel's Stock Option Plan ("Plan") is compliant with the provisions of the TSX Venture Exchange ("TSX Venture") Corporate Finance Manual, specifically Policy 4.4. Under the Plan, the Company may grant stock options ("Options") pursuant to which common shares may be purchased by directors, officers, employees, consultants and service providers of the Company up to a maximum of 10% of the issued and outstanding capital in the Company. This type of Plan is often referred to as a "rolling plan".

Shareholders are required to reapprove on a yearly basis stock option plans which have a "rolling plan" ceiling. The Company's Plan is the same as the Plan that was approved by shareholders at our last Annual and Special Meeting.

At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass, the following:

"Be it resolved as an ordinary resolution that:

- a) The Company's Plan be and is hereby readopted and reapproved;
- b) The Company be authorized to grant Options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of common shares in the capital of the Company that is equal to 10% of the issued and outstanding common shares as at the time of the grant; and
- c) The directors and officers of the Company be authorized and directed to perform all such acts and deeds and things and execute, under the seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions."

**Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR reapproval and readoption of the Plan at the Meeting.**

#### **Summary of the Stock Option Plan**

The purpose of the Plan is to advance the interests of the Company by furthering the Company's policy of motivating officers, directors and employees to participate in the Company's growth and development. Under the Plan, the Company may grant Options pursuant to which common shares may be purchased by directors, officers, employees, consultants and service providers of the Company up to a maximum of 10% of the issued and outstanding capital in the Company. As of May 20, 2015 there were 3,450,000 Options outstanding.

The following is a brief description of the Plan and is qualified in its entirety by the full text thereof included in Schedule B.

- No person may be granted Options to acquire more than 5% of the issued and outstanding common shares in any 12-month period unless the Company has obtained disinterested shareholder approval.
- No consultant or service provider may be granted Options to acquire more than 2% of the issued and outstanding common shares in any 12-month period.
- The aggregate number of Options granted to employee optionees conducting investor relations activities cannot exceed 2% of the issued and outstanding common shares in any 12-month period.
- Options cannot be issued below the last closing price of the common shares prior to the grant, and must be issued in accordance with the policies of the TSX Venture.
- An Option may be granted for a period of up to ten years from the date of the granting thereof. If an option holder resigns or is terminated for cause his/her Options shall expire immediately.
- The board of directors of the Company has complete discretion to set the terms of any vesting schedule for each Option granted, including without limitation, discretion to: (i) permit partial vesting in stated percentage amounts based on the terms of such Option; and (ii) permit full vesting after a stated period of time has passed from the date that such Option was granted.

The Plan is administered by the board of directors of the Company, and subject to regulatory requirements, it may be amended by the board of directors of the Company without further shareholder approval.

## **5. Other Matters**

Management knows of no matters to come before the Meeting other than as set forth in the notice of Meeting.

**HOWEVER, IF OTHER MATTERS WHICH ARE NOT NOW KNOWN TO MANAGEMENT SHOULD PROPERLY COME BEFORE THE MEETING, IT IS THE INTENTION OF THE PERSONS NAMED IN THE PROXY TO VOTE SUCH PROXY IN ACCORDANCE WITH THEIR BEST JUDGEMENT.**

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The following Compensation Discussion and Analysis describes and explains the significant elements of our compensation programs. The objectives of our compensation program are to retain and motivate qualified executive officers who will drive our success while promoting an alignment of interests between the executive officers and the shareholders. Compensation consists of three elements: base salary, short-term incentive bonus, and Options. The Compensation Committee reviews annually each component and appropriate competitive factors, and makes recommendations based upon performance.

*Base salaries:* The primary element of our compensation program is base salary. Our view is that a competitive base salary is a necessary element for retaining and attracting qualified employees. The base salary of each executive is determined based upon survey data and other competitive information, number of years' experience, and comparison to other base salaries paid in similar situations. The Compensation Committee commissioned an independent report on Chief Executive Officer ("CEO") compensation in 2007 which formed the basis for compensation in the 2008 fiscal year. The market place study examined the four main compensation components (base salary, bonus, other compensation and Options) of approximately 70 junior exploration and mining companies. CEO compensation had not been changed since that time, except that effective January 1, 2012 the salary of the CEO was increased by 10% (being the first increase since 2008). In order to assist the Company in preserving cash, effective November 1, 2014 the CEO elected to defer 20% of his salary.

*Short-term incentive bonus:* In addition to establishing competitive base salaries and Option incentives, one of the objectives of the executive compensation strategy is to encourage and recognize strong levels of performance by linking achievement of specific goals with variable cash compensation in the form of a short-term incentive bonus. Target bonus awards range up to 50% of base salary for the achievement of specific operational objectives, subject to market conditions. The amount of any bonus is based upon a recommendation of the Compensation Committee and discussion with the full board of directors. Bonuses paid during 2013 fiscal year were on account of performance achievements during the previous fiscal year. No short-term incentive bonuses were awarded during 2013 or 2014.

*Options:* The number of Options granted is reviewed at each grant date to provide medium-term incentives. The determination as to the number of Options awarded is arrived at subjectively based upon a recommendation of the Compensation Committee and discussion with the full board of directors. Options granted to directors who are not employees vest immediately and expire after three years. The terms and conditions of Options granted to executives and other employees are reviewed for each grant at the time that it is made.

### Summary Compensation Table

There were two Named Executive Officers during the year ended November 30, 2014: David McPherson, President and CEO and Jennifer Scofield, Chief Financial Officer (“CFO”) (from June 1, 2013). “Named Executive Officer” means each of the following individuals (a) a CEO; (b) a CFO (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, 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 more than \$150,000; and (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

The following table sets forth information concerning annual and long term compensation for services rendered to the Company in respect of the individual Named Executive Officers.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
David McPherson <i>President and Chief Executive Officer</i>	2014	264,000 <sup>(5)</sup>	-	4,173	-	-	-	18,000 <sup>(2)</sup>	286,173
	2013	264,000	-	7,800	-	-	-	18,000 <sup>(2)</sup>	289,800
	2012	262,000	-	22,280	-	-	-	18,000 <sup>(2)</sup>	302,280
Jeffrey D. Sherman <sup>(3)</sup> <i>Chief Financial Officer</i>	2014	-	-	-	-	-	-	-	-
	2013	51,173	-	1,950	-	-	-	-	53,123
	2012	84,400	-	8,355	-	-	-	-	92,755
Jennifer Scofield <sup>(4)</sup> <i>Chief Financial Officer</i>	2014	90,000	-	1,391	-	-	-	-	91,391
	2013	74,250	-	1,950	5,000	-	-	-	81,200

Notes:

- (1) The fair value of the Options granted was estimated using the Black-Scholes option pricing model at the date of each grant. No Options were modified.
- (2) All other compensation consists of a car allowance.
- (3) On May 31, 2013 Jeffrey Sherman ceased to be CFO of Pure Nickel Inc., but is on retainer in an advisory role.
- (4) On June 1, 2013 Jennifer Scofield was appointed CFO of Pure Nickel Inc.
- (5) Includes deferred compensation of \$4,400.

## Incentive Plan Awards

The following table sets forth all outstanding awards held by Named Executive Officers as at November 30, 2014:

Name	Option-based awards				Share-based awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(6)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
David McPherson <i>President and Chief Executive Officer</i>	400,000	0.095	April 24, 2015	-	-	-	-
	400,000	0.035	April 23, 2016	-(1)	-	-	-
	450,000	0.05	October 23, 2017	-(2)	-	-	-
Jeffrey D. Sherman <sup>(7)</sup> <i>Chief Financial Officer</i>	150,000	0.095	April 24, 2015	-	-	-	-
	100,000	0.035	April 23, 2016	-(3)	-	-	-
Jennifer Scofield <sup>(8)</sup> <i>Chief Financial Officer</i>	50,000	0.095	April 24, 2015	-	-	-	-
	100,000	0.035	April 23, 2016	-(4)	-	-	-
	150,000	0.05	October 23, 2017	-(5)	-	-	-

Notes:

- (1) Of the 400,000 Options issued to David McPherson at an exercise price of \$0.035, only 300,000 were exercisable at November 30, 2014.
- (2) Of the 450,000 Options issued to David McPherson at an exercise price of \$0.05, only 225,000 were exercisable at November 30, 2014.
- (3) Of the 100,000 Options issued to Jeffrey Sherman at an exercise price of \$0.035, only 75,000 were exercisable at November 30, 2014.
- (4) Of the 100,000 Options issued to Jennifer Scofield at an exercise price of \$0.035, only 75,000 were exercisable at November 30, 2014.
- (5) Of the 150,000 Options issued to Jennifer Scofield at an exercise price of \$0.05, only 75,000 were exercisable at November 30, 2014.
- (6) For the purposes of calculating in-the-money stock options, the exercise price of each Option was subtracted from the closing price of the common shares of the Company on November 30, 2014, which was \$0.015.
- (7) On May 31, 2013 Jeffery Sherman ceased to be CFO of Pure Nickel Inc., but is on retainer in an advisory role.
- (8) On June 1, 2013 Jennifer Scofield was appointed CFO of Pure Nickel Inc.

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each of the Named Executive Officers for the fiscal year ended November 30, 2014.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
David McPherson <i>President and Chief Executive Officer</i>	-	-	-
Jeffrey D. Sherman <sup>(1)</sup> <i>Chief Financial Officer</i>	-	-	-
Jennifer Scofield <sup>(2)</sup> <i>Chief Financial Officer</i>	-	-	-

Notes:

- (1) On May 31, 2013 Jeffery Sherman ceased to be CFO of Pure Nickel Inc., but is on retainer in an advisory role.
- (2) On June 1, 2013 Jennifer Scofield was appointed CFO of Pure Nickel.

## Share-Based and Option-Based Awards

The timing of the grant and number of shares made subject to option, with respect to Options proposed to be granted by the Company to its executive officers, is recommended by the CEO, reviewed and approved (or revised, if thought appropriate) by the Compensation Committee and implemented by a resolution of the board. The review of proposed Option grants by the Compensation Committee (which is composed of independent directors) and the implementation thereof by the board (which is comprised of a majority of independent directors) provides the independent directors with significant input into such compensation decisions. Previous grants of Options are taken into account when considering new grants. There are at present no policies that forbid a Named Executive Officer or a director from acquiring financial instruments to hedge a decrease in the market value of share-based or option-based securities. To the knowledge of the Company, for the fiscal year ended November 30, 2014, no Named Executive Officer or director, directly or indirectly, employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

## Pension Plan Benefits

We do not have any pension plans that provide for retirement benefits or payments for directors and executive officers at, following or in connection with retirement.

## Termination and Change of Control Benefits

We have no contracts, agreements, plans or arrangements in respect of remuneration received or that may be received by the Named Executive Officers in our most recently completed financial year or current financial year in respect of compensating such officers in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control; except for an employment agreement with Mr. McPherson, our President and CEO, which provides that in the event of termination without cause or if a terminating event occurs because of a change in control (or similar event, as defined in the contract), Mr. McPherson receives a minimum of 24 months' salary, any variable compensation that would have been paid during the notice period, plus \$100,000; had he been terminated at November 30, 2014, the amount payable would have been approximately \$628,000.

## Director Compensation

The following table shows the compensation received by each director, other than the director who served as a Named Executive Officer during the fiscal year, for the year ended November 30, 2014.

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Harry Blum	16,312	-	1,855	-	-	-	18,167
Thomas Kofman	11,250	-	927	-	-	-	12,177
R. David Russell	20,250	-	1,855	-	-	-	22,105
Constantine Salamis	10,500	-	927	-	-	-	11,427
W.S. (Steve) Vaughan	9,375	-	927	-	-	-	10,302

Members of the board of directors, other than the director who served as a Named Executive Officer, receive director fees in accordance with the schedule shown below. These amounts were determined by the Compensation Committee based upon an analysis of peer company director remuneration prepared by management, approved by the board for the fiscal year ended November 30, 2010, and have been unchanged

since then. During the year ended November 30, 2014, the board of directors passed a resolution to reduce director's fees by 25% for fiscal 2014. The director's fees earned included in the table above reflect this 25% reduction.

Annual fee – Chair of the board	\$20,000 <sup>(1)</sup>
Annual fee – Chair of the Audit Committee	\$15,000 <sup>(2)</sup>
Annual fee – other directors	\$10,000 <sup>(3)</sup>
Fee per board or committee meeting attended	\$500 <sup>(4)</sup>
Fee per committee meeting attended for chair of the committee	\$750 <sup>(5)</sup>

Notes:

- (1) \$15,000 for fiscal 2014.
- (2) \$11,250 for fiscal 2014.
- (3) \$7,500 for fiscal 2014.
- (4) \$375 for fiscal 2014.
- (5) \$562.50 for fiscal 2014.

The following table outlines outstanding Option awards held by Company directors as of November 30, 2014.

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units that have not vested (#)	Market or Payout Value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Harry Blum	200,000	0.095	April 24, 2015	-	-	-	-
	200,000	0.035	April 23, 2016	-	-	-	-
	200,000	0.05	October 23, 2017	-	-	-	-
Thomas Kofman	100,000	0.065	June 27, 2015	-	-	-	-
	100,000	0.035	April 23, 2016	-	-	-	-
	100,000	0.05	October 23, 2017	-	-	-	-
R. David Russell	200,000	0.095	April 24, 2015	-	-	-	-
	200,000	0.035	April 23, 2016	-	-	-	-
	200,000	0.05	October 23, 2017	-	-	-	-
Constantine Salamis	100,000	0.095	April 24, 2015	-	-	-	-
	100,000	0.035	April 23, 2016	-	-	-	-
	100,000	0.05	October 23, 2017	-	-	-	-
W.S. Vaughan	100,000	0.095	April 24, 2015	-	-	-	-
	100,000	0.035	April 23, 2016	-	-	-	-
	100,000	0.05	October 23, 2017	-	-	-	-

Notes:

- (1) Closing share price at November 30, 2014 was \$0.015.

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each director (other than the director who was an Named Executive Officer during 2014 and for whom the identical information appears on the comparable table for Named Executive Officers set out above) for the fiscal year ended November 30, 2014.

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Harry Blum	-	-	-
Thomas Kofman	-	-	-
R. David Russell	-	-	-
Constantine Salamis	-	-	-
W.S. Vaughan	-	-	-

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER  
EQUITY COMPENSATION PLANS**

As of November 30, 2014, the securities authorized for issuance under our equity compensation plan were as set out below. A description of the significant terms under the equity compensation plan is set out following the table.

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	5,065,000	0.06	1,749,487
Equity compensation plans not approved by security holders	-	n/a	n/a
Total	5,065,000	0.06	1,749,487

**Stock option plan**

On October 10, 2013, Pure Nickel transitioned from the TSX to the TSX Venture. One of the requirements for moving to the TSX Venture was that our Plan needed to be redrafted to become compliant with the provisions of the TSX Venture Corporate Finance Manual, specifically Policy 4.4. The Plan is described more fully in the previous section of the Circular and a copy is also included in Schedule B.

The Plan has a rolling maximum number of common shares reserved for issuance thereunder, being 10% of the issued and outstanding common shares of Pure Nickel at any time. As of the record date 68,144,874 common shares are outstanding, so that 6,814,487 common shares are reserved for issuance under the plan as of the Record Date. Any increase in the total number of issued and outstanding common shares will result in an increase in the number of common shares issuable under the Plan, and any exercises of Options will effectively result in a reloading of the number of common shares issuable under the Plan. In accordance with the current policies of the TSX Venture, any option plan with a rolling maximum (which includes our Plan) must be ratified by shareholders every year.

Options may be granted under the Plan to a director, officer, employee, consultant or service provider of the Company. The Plan is administered by the Compensation Committee. The Compensation Committee makes recommendations to the board, and the board has the power, subject to the terms of the Plan and TSX Venture policies, to (a) establish policies and to adopt rules and regulations for carrying out the purposes, provisions and



administration of the Plan; (b) interpret and construe the Plan and to determine all questions arising out of the Plan; (c) determine the number of common shares covered by each Option; (d) determine the exercise price of each Option; (e) determine the time or times when Options will be granted and exercisable; (f) determine if the common shares which are issuable on the exercise of an Option will be subject to any restrictions upon the exercise of such Option; and (g) prescribe the form of the Instruments relating to the grant, exercise and other terms of Options. The board has the power to grant Options, with or without a recommendation of the Compensation Committee.

### **CORPORATE GOVERNANCE PRACTICES**

The board and management consider good corporate governance to be central to effective and efficient operations. Through the Corporate Governance and Nominating Committee, the board reviews, evaluates and modifies its governance program to ensure it is of the highest standard. The board is satisfied that the Company's governance plan is consistent with legal and stock exchange requirements. Under National Instrument 58-101 – *Disclosure of Corporate Governance Practices* the Company is required to disclose certain information relating to its corporate governance practices. This information is set out below. In addition, the board's Corporate Mandate is attached hereto as Schedule C.

#### **Board of Directors**

The following four directors are independent: Harry Blum, Thomas Kofman, Constantine Salamis and R. David Russell. Two members of the board are not independent. The board has determined that Mr. McPherson is not independent because he is President and CEO of the Company. The board has determined that Mr. W.S. (Steve) Vaughan is not independent because his firm provides legal services to the Company which accepts fees for such services. Following the Meeting, the board will be comprised of five (5) members, of which three (3) will be independent.

One third of the directors are not independent at this time. The board facilitates its exercise of independent supervision over management by ensuring that at least half of its directors qualify as independent directors pursuant to NI 58-101 and by establishing committees that are comprised of a majority of independent members and, in the case of the Audit Committee, comprised entirely of independent directors.

One of the independent directors is its chair, Mr. David Russell. His responsibilities are set out in a position description that includes overseeing board structure, board management, advisory duties, leading the board in monitoring CEO performance, and assisting with other communications.

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent):

Name of Director	Issuer
Harry Blum	First Metals Inc.
Thomas Kofman	Urbanfund Corp.
W.S (Steve ) Vaughan	Consolidated Tanager Limited Transition Metals Corp. Western Troy Capital Resources Inc.

The board and its committees meet as necessary in the absence of the President and CEO and other members of management. The Audit Committee also holds *in camera* sessions with only the external auditors present.

#### **Corporate Mandate**

See attached Schedule C.

## **Position Description**

The board has developed written position descriptions for the Chairman and the chair of each Board committee. The board has developed a written position description for the CEO.

## **Orientation and Continuing Education**

Due to the size of the board, no formal program exists for the orientation of new directors. Upon joining the board, new directors will be given access to all of the background documents of the Company, including all corporate records, by-laws, corporate policies, organization structure and prior board and committee minutes. Candidates for election to the board will have been allowed the opportunity to review appropriate portions of such material prior to their having indicated their consent to stand for election as directors, in order to assess their suitability as directors.

No formal continuing education program exists for directors of the Company. As part of continuing education, the board will receive management presentations with respect to the operations and business risks as needed. In addition, the individual directors identify their continuing education needs through a variety of means, including discussions with management and at board and committee meetings.

## **Ethical Business Conduct**

The board has adopted a Code of Business Conduct and Ethics applicable to the directors, officers and employees. A copy of the Code of Business Conduct and Ethics is available for review on our website at [www.purenickel.com](http://www.purenickel.com).

When situations of non-compliance with the code become known to management, it would take appropriate disciplinary actions. Management is required to report violations of the code and any actions taken to the Corporate Governance and Nominating Committee. The board monitors this by periodic reporting by the Corporate Governance and Nominating Committee to the full board. There have not been any material change reports filed since the beginning of the Company's most recently completed financial year that pertain to any conduct of a director or executive officer that constitutes a departure from the code. Directors recuse themselves from discussions where they have a conflict of interest or may be perceived to have a conflict of interest. The Chair may also request that a director recuse himself or abstain from voting on an issue if he feels that there may be a conflict or if required by law.

The board has adopted a Whistleblower Policy which provides employees, management, officers, directors, contractors, consultants and committee members with the ability to report, on a confidential and anonymous basis: (a) any concern that an employee, director, officer or consultant has committed an actual or apparent violation of the *Code of Conduct and Ethics Policy* or *Whistleblower Policy*; (b) any actual or apparent violation of our *Insider Trading Policy*; (c) any significant violation of any other of our policies; (d) any complaint regarding accounting, internal controls, disclosure controls or auditing matters, or (e) any good faith concerns regarding possible fraud, or questionable accounting or auditing matters. A copy of our Whistleblower Policy is available for review on our website at [www.purenickel.com](http://www.purenickel.com).

## **Nomination of Directors**

The board has appointed a Corporate Governance and Nominating Committee whose members, Harry Blum (Chair), R. David Russell, and Constantine Salamis, have been determined to be independent. After the Meeting, the newly constituted board will elect new committee members as appropriate to replace the outgoing committee members. The board has delegated responsibility to the Corporate Governance and Nomination Committee to recommend to the board suitable candidates as nominees for election or appointment as directors. Due to the small size of the board, it is anticipated that the committee will canvass all of the members of the board for their input prior to making a recommendation to the board. In identifying new candidates for board nomination, the committee considers, among other things:

- (i) the competencies and skills that the board considers to be necessary for the board, as a whole, to possess;
- (ii) the competencies and skills that the board considers each existing director to possess;
- (iii) the competencies and skills each new nominee will bring to the boardroom;
- (iv) whether or not each new nominee can devote sufficient time and resources to his or her duties as a member of the board; and
- (v) whether the nominee will be an independent director.

The Corporate Governance and Nomination Committee has adopted a written charter which is available on the Company's website at [www.purenickel.com](http://www.purenickel.com) and upon request to the Company's Corporate Secretary.

### **Compensation**

The Compensation Committee currently consists of Harry Blum (Chair), Constantine Salamis, and R. David Russell, all of whom are considered independent. After the Meeting, the newly constituted board will elect new committee members as appropriate to replace the outgoing committee members. The Compensation Committee has, as part of its mandate, the responsibility for reviewing matters relating to the human resource policies and compensation of the directors and the CEO of the Company in the context of the budget and business plan of the Company. As part of the mandate and responsibility of the committee, the committee is responsible for formulating and making recommendations to the board in respect of compensation issues relating to directors and the CEO of the Company.

Meeting compensation for outside directors is set at \$500 per director and \$750 for the Committee Chairman. In addition, each director is given a fee for the fiscal year which has been set at Director, \$10,000, Chair of a Committee, \$15,000 and Chair of the board, \$20,000. During the year ended November 30, 2014, the board of directors passed a resolution to reduce all directors' fees by 25% for fiscal 2014. The director's fee structure is to be reviewed again in 2015. Also, during the fiscal year, each outside director was granted Options to acquire 100,000 common shares at an exercise price of \$0.05 per share for Constantine Salamis, W.S. Vaughan and Thomas Kofman. The Chair of the board and the Chair of the Audit Committee were each granted 200,000 Options at an exercise price of \$0.05 per share. Base annual compensation was determined upon review of comparative data compiled by the Company for the fiscal year ended November 30, 2010 for a number of comparable companies within the resource industries of competitive salaries paid to directors has not been changed since that time.

The Compensation Committee is responsible for setting and administering the policies and programs that govern both annual compensation and Option programs for the executive officers and directors of the Company. The Compensation Committee is also responsible for providing oversight with regard to the Company's various programs of compensation, including all incentive plans, stock option plans and stock purchase plans. The Compensation Committee has adopted a written charter which is available on the Company's website at [www.purenickel.com](http://www.purenickel.com).

### **Audit**

The Audit Committee is comprised of three members and consists of Harry Blum (Chair), Thomas Kofman, and R. David Russell, all of whom are considered independent. The Audit Committee was established to assist the board in fulfilling its oversight responsibilities in the following principal areas: (1) accounting policies and practices, (2) the financial reporting process, (3) financial statements provided by the Company to the public, (4) risk management including systems of accounting and financial controls, (5) appointing, overseeing and evaluating the work and independence of the external auditors, and (6) compliance with applicable legal and regulatory requirements.

The Company's management is responsible for preparing the Company's financial statements while the external auditors are responsible for auditing those financial statements. The Audit Committee is responsible for overseeing

the conduct of those activities by the Company's management and external auditors and overseeing the activities of any internal audit initiatives. The Company's external auditors are accountable to the Audit Committee as representatives of the Company's shareholders.

The Audit Committee has adopted a written charter which is available on the Company's website at [www.purenickel.com](http://www.purenickel.com).

For further information regarding the Audit Committee, see the information set out under the heading "Audit Committee Disclosure" in our Annual Information Form for the fiscal year ended November 30, 2014, which is incorporated by reference into, and forms an integral part of, this Circular. The Annual Information Form is available on SEDAR at [www.sedar.com](http://www.sedar.com), or on the Company's website at [www.purenickel.com](http://www.purenickel.com). Upon request we will provide a copy of our Annual Information Form free of charge to any shareholder of the Company.

#### **Other Board Committees**

The Technical Committee is responsible for reviewing the current and pending exploration programs and provides comments on progress and approval for exploration budgets. The Technical Committee consists of R. David Russell (Chair), Steve Vaughan, Constantine Salamis, and David McPherson. After the Meeting, the newly constituted board will elect new committee members as appropriate to replace the outgoing committee members. The Technical Committee has adopted a written charter which is available on our website at [www.purenickel.com](http://www.purenickel.com).

#### **Director Assessments**

At present, the assessment process for the board, its committees and individual directors is informal. The Corporate Governance and Nomination Committee provides oversight over the assessment process and the effectiveness of board committees, board processes and individual directors. From time to time the full board and its committees assess their performance and the achievement of their respective mandates.

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

As at the date hereof, no director or executive officer of Pure Nickel Inc., any proposed nominees for election as a director or any associate of any such directors, executive officers or proposed nominees were indebted to Pure Nickel or any of our subsidiaries (whether or not in respect of a security purchase program).

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

Except as otherwise set out herein, there have been no transactions entered into since the beginning of our last completed fiscal year, or proposed to be entered into by us that have or will materially affect us or any of our affiliates involving an officer or director, a proposed nominee for election as a director, or any associate or affiliate of any of such persons.

#### **MANAGEMENT CONTRACTS**

No management functions of Pure Nickel or any of our subsidiaries are to any substantial degree performed by a person or company other than the directors or executive officers of Pure Nickel or our subsidiaries.

#### **ADDITIONAL INFORMATION**

The information contained herein is given as of May 12, 2015, unless otherwise noted.

Additional information about us is available on SEDAR at [www.sedar.com](http://www.sedar.com). Copies of our comparative financial statements and accompanying Management's Discussion and Analysis for the fiscal year ended November 30, 2014 are available on SEDAR, on our website, [www.purenickel.com](http://www.purenickel.com), or security holders may request copies to be

sent to them without charge by contacting the Corporate Secretary at (416) 644-0066.

**CONTACTING THE BOARD**

Shareholders and other interested parties may communicate directly with our board through the Chair of the board by writing to:

Chair of the Board, Pure Nickel Inc.  
95 Wellington St. W. Suite 900  
Toronto, Ontario M5J 2N7

**GENERAL**

The contents and the sending of this Circular have been approved by our board of directors.

**DATED** at Toronto, Ontario, May 12, 2015

**BY ORDER OF THE BOARD**

*"Lisa Buchan"*

Lisa Buchan

Corporate Secretary



Notice of Change of Auditors

TO: SF Partnership, LLP  
Grant Thornton LLP  
Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission

In accordance with National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”), notice is hereby given that:

1. Pure Nickel Inc. (the “Company”) appointed Grant Thornton LLP as its auditor on November 24, 2014, following the resignation of SF Partnership, LLP at the Company’s request;
2. SF Partnership, LLP has not expressed any reservation in any audit report on the Company’s financial statements prepared by SF Partnership, LLP since it was appointed auditor of the Company to the date of this notice;
3. In the opinion of the Company, there have been no “reportable events” within the meaning of subsection 4.11(1) of NI 51-102 in connection with the audits conducted by SF Partnership, LLP;
4. The resignation of SF Partnership, LLP and the appointment of Grant Thornton LLP as the Company’s auditors were recommended by the audit committee and were considered and approved by the board of directors.

Dated this 24<sup>th</sup> day of November, 2014.

PURE NICKEL INC.

Per: “Jennifer Scoffield”

Jennifer Scoffield  
Chief Financial Officer

**Pure Nickel Inc.**

95 Wellington St. W., Suite 900 Toronto, Ontario Canada M5J 2N7  
T: (416) 644-0001 F: (416) 644-0069 W: purenickel.com



November 25, 2014

To: Alberta Securities Commission  
British Columbia Securities Commission  
Ontario Securities Commission

Grant Thornton LLP  
Royal Bank Plaza  
19<sup>th</sup> Floor, South Tower  
200 Bay Street, Box 55  
Toronto, ON M5J 2P9  
T +1 416 366 0100  
F +1 416 360 4949  
[www.GrantThornton.ca](http://www.GrantThornton.ca)

Dear Sirs/Mesdames:

Re: Notice of Change of Auditor - Pure Nickel Inc.

We have reviewed the information contained in the Notice of Change of Auditor of Pure Nickel Inc. dated November 24, 2014, (the "Notice"), which we understand we will be filed pursuant to Section 4.11 of National Instrument 51-102.

Based on our knowledge of such information at this time, we agree with the statements made in the Notice.

Yours sincerely,

*Grant Thornton LLP*

Grant Thornton LLP  
Chartered Accountants  
Toronto, Ontario

SF Partnership, LLP  
Chartered Accountants  
4950 Yonge Street, 4th Floor  
Toronto, Ontario  
Canada M2N 6K1  
T 416.250.1212  
F 416.250.1225  
[www.sfgroup.ca](http://www.sfgroup.ca)

November 26, 2014

TO: Pure Nickel Inc.  
Grant Thornton LLP  
Ontario Securities Commission  
British Columbia Securities Commission  
Alberta Securities Commission

**Re: Notice of Change of Auditors of Pure Nickel Inc.**

We have read the Notice of Pure Nickel Inc. dated November 24, 2014, and are in agreement with the statements contained in such Notice.

Yours very truly,

SF Partnership, LLP



Eugene Aceti  
Direct Line: 416.646.8064  
Email: [eaceti@sfgroup.ca](mailto:eaceti@sfgroup.ca)

EA/re



## SCHEDULE B

### STOCK OPTION PLAN

#### **1. THE PLAN**

Pure Nickel Inc. (the “**Corporation**”) has established a Stock Option Plan (the “**Plan**”) for *bona fide* Directors, Employees, Consultants and Service Providers of the Corporation (collectively, the “**Admissible Persons**”), to purchase authorized but unissued common shares of the Corporation (the “**Common Shares**”) on the terms and conditions hereinafter set out.

The Board of Directors of the Corporation may appoint a committee to administer the Plan (the “**Committee**”). In the event such a Committee is not appointed by the Board of Directors, then the Board of Directors shall, for the purposes herein, be deemed to constitute the Committee.

#### **2. PURPOSE**

The purpose of the Plan is to encourage the participation of the Admissible Persons in the Corporation’s growth and development by providing them, through the grant of options exercisable for Common Shares (the “**Options**”), with the opportunity to acquire a financial interest in the Corporation, or increase same.

#### **3. DEFINITIONS**

All capitalized terms used but not otherwise defined herein shall have the meaning ascribed thereto in the TSX Venture Exchange (“**TSXV**”) Corporate Finance Manual Policy 1.1 – *Interpretation* and Policy 4.4 – *Incentive Stock Options*.

#### **4. GRANT OF OPTIONS**

The Committee may, from time to time, in its discretion, grant to any Admissible Person (the “**Optionee**”), the irrevocable (subject to the terms hereof) option to acquire Common Shares (the “**Optioned Shares**”) upon and subject to such terms, conditions and limitations as are herein contained and as the Committee may from time to time determine with respect to each Option. Notwithstanding the foregoing, the exercise of any Option granted hereunder is subject to the vesting provisions contained in Section 9 hereof.

Subject to the Plan, the Committee may impose limitations, restrictions and conditions, in addition to those set out in the Plan, that are applicable to the exercise of an Option including, without limitation, the nature and duration of any restrictions applicable to a sale or other disposition of Optioned Shares acquired upon exercise of an Option and the nature of events, if any, that may cause any Optionee’s rights in respect of Optioned Shares acquired upon exercise of an Option to be forfeited and the duration of the period of such forfeiture.

The granting of any Option to an Optionee does not confer upon the Optionee any right to continue in the employment of the Corporation or as a member of the Board, as the case may be, nor does it interfere in any way with the rights of the Optionee or of the Corporation’s rights to terminate the Optionee’s employment at any time or of any shareholder’s right to nominate or elect one or more Directors of the Corporation.

For options granted to Employees, Consultants, and Serviced Providers the Corporation shall represent that the Optionee is a *bona fide* Employee, Consultant or Service Provider, as the case may be.

## **5. AUTHORIZED SHARES PURSUANT TO THE PLAN**

Subject to adjustment as provided in Section 13 hereof, the aggregate number of Optioned Shares to be delivered upon the exercise of all Options granted under the Plan shall not exceed 10% of the outstanding listed Common Shares at the time of grant. If any Option granted hereunder is cancelled, expires or terminates for any reason without having been exercised in full, the unpurchased Optioned Shares subject thereto shall again be available for the purposes of the Plan.

The allotment of the Common Shares and the Corporation's obligation to issue Common Shares pursuant to the Plan are subject to the following conditions:

- (a) Subject to subsections 5(b) and 5(c) hereof, no Optionee may be granted Options to acquire more than 5% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period unless the Corporation has obtained disinterested shareholder approval in connection therewith;
- (b) No Consultant Optionee may be granted Options to acquire more than 2% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period; and
- (c) The aggregate number of Options granted to Employee Optionees conducting Investor Relations Activities shall not exceed 2% of the issued and outstanding Common Shares of the Corporation (calculated as at the time of the grant of such Options) in any 12-month period.

## **6. OPTION PRICE**

The purchase price of the Common Shares, upon exercise of each Option granted under the Plan, (the "**Option Price**") shall be a price fixed for such Option by the Committee upon grant of each such Option provided that such Option Price shall not be lower than the Discounted Market Price at the time of grant. In the event that the Corporation proposes to reduce the Option Price of Options granted to an Optionee who is an Insider of the Corporation at the time of the proposed amendment, such amendment shall not be effective until disinterested shareholder approval has been obtained in respect of the Option Price reduction.

The allotment of the Common Shares and the Corporation's obligation to issue Common Shares pursuant to the Plan are subject to the Corporation having obtained the required authorizations from the regulatory authorities pertaining to the allotment of the Options or to the issuance and distribution of the Optioned Shares and the listing of the Optioned Shares on the TSXV. The Corporation undertakes to use its best efforts to obtain all the required approvals to give effect to the Plan.

## **7. METHOD OF EXERCISE OF OPTION**

Each Option or part thereof may be exercised by the Optionee or his heirs or legal personal representative by giving notice in writing in the form annexed hereto as Schedule A hereto addressed to the Corporation at its head office in Toronto, Ontario, and delivered or mailed by registered mail to the Chief Financial Officer of the Corporation. Such notice shall specify the number of Optioned Shares with respect to which the Option is being exercised and shall be accompanied by payment in full, by certified cheque or other form of payment acceptable to the Corporation, of the aggregate Option Price for such number of Optioned Shares so specified therein.

Upon any such exercise of an Option as aforesaid, the Corporation shall forthwith deliver or, as applicable, cause the transfer agent and registrar of the Corporation to deliver to the Optionee, or his legal personal representative or to the order thereof, a certificate representing the aggregate number of fully paid and non-assessable Common Shares as the Optionee or his heirs or legal personal representative shall have then paid for. Notwithstanding the foregoing, no Option shall be exercisable unless the Corporation shall be satisfied that the issuance of Optioned Shares, upon exercise thereof, will be in compliance with the applicable laws of Canada or any province therein and the rules of the TSXV. Upon receipt of payment in full, the number of Optioned Shares in respect of which the

Option is exercised will be duly issued as fully paid and non-assessable.

No fractional Common Shares shall be issued upon the exercise of Options. If an Optionee otherwise becomes entitled to a fractional Common Share upon exercise of an Option, such Optionee shall only have the right to purchase the next lowest whole number of Common Shares and no payment or adjustment shall be made with respect to the fractional interest so disregarded.

The exercise of each Option granted under this Plan is subject to the condition that if at anytime the Corporation determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Corporation. In such circumstances, the Corporation may require that an Optionee pay to the Corporation, in addition to and in the same manner as the Option Price for the Optioned Shares, such amount that the Corporation is obliged to remit to the relevant taxing authority in respect of the exercise of the Option. Any such additional payment is due no later than the date as of which any amount with respect to the Option exercised first becomes includable in the gross income of the Optionee for tax purposes.

#### **8. TERM**

Each Option, unless sooner terminated in accordance with the terms, conditions and limitations thereof, or unless sooner exercised, shall expire at 5:00 p.m. (Toronto time) on the date ("**Expiry Date**") determined by the Board of Directors or by the Committee when the Option is granted or, failing such determination and in any event, not later than that date which is ten (10) years after the grant of the Option.

Subject to the rules, policies or regulations of the TSXV, in the event that the expiry of an Option occurs during a blackout period imposed by management, the Board of Directors or the Committee in accordance with the Corporation's insider trading policy, if any, the expiry date of such Option shall be deemed to be amended to that date which is seven business days following the end of such blackout period.

#### **9. VESTING**

The vesting of each Option granted pursuant to the Plan, and the extent to which each Option is exercisable from time to time during the term of such Option, shall be determined by the Committee in its sole discretion.

#### **10. TERMINATION AS ADMISSIBLE PERSON**

Subject to subsections 10(a) and 10(b) hereof and to any express resolution passed by the Committee with respect to an Option but in no event to exceed an extension of one year, an Option and all rights to purchase Common Shares pursuant thereto shall expire and terminate immediately upon the Optionee who holds such Options ceasing to be an Admissible Person, provided that:

- (a) If, before the expiry of an Option in accordance with the terms thereof, an Optionee shall cease to be an Admissible Person (an "**Event of Termination**") for any reason other than his or her resignation or termination for Cause of his or her employment with the Corporation, or his or her resignation or failure to be re-elected as a Director of the Corporation, then the Optionee may:
  - (i) exercise the Option to the extent that he or she was entitled to do so at the time of such Event of Termination, at any time up to and including, but not after, a date three (3) months following the date of such Event of Termination, or prior to the close of business on the expiration date of the Option, whichever is earlier; and
  - (ii) with the prior written consent of the Board of Directors or the Committee, which consent may be withheld in the Corporation's sole discretion, permit the exercise of any Options which have not yet vested at any time up to and including, but not after,

a date three (3) months following the date of such Event of Termination, or prior to the close of business on the expiration date of the Option, whichever is earlier, to purchase all or any of the Optioned Shares as the Board of Directors or the Committee may designate but not exceeding the number of Optioned Shares the Optionee would have otherwise been entitled to purchase pursuant to the Option had the Optionee's status as an Admissible Person been maintained for the term of the Option. The Committee in its sole discretion may extend the time permitted to exercise any Options which have not yet vested at any time up to and including, but not after, a date twelve months following the date of such Event of Termination,

- (b) if an Optionee dies before the expiry of an Option in accordance with the terms thereof, the Optionee's legal representative(s) may, subject to the terms of the Option and the Plan:
  - (i) exercise the Option to the extent that the Optionee was entitled to do so at the date of his or her death at any time up to and including, but not after, a date one year following the date of death of the Optionee, or prior to the close of business on the expiration date of the Option, whichever is earlier; and
  - (ii) with the prior written consent of the Board of Directors or the Committee, exercise at any time up to and including, but not after, a date one year following the date of death of the Optionee, a further Option to purchase all or any of the Optioned Shares as the Board of Directors or the Committee may designate but not exceeding the number of Optioned Shares the Optionee would have otherwise been entitled to purchase had the Optionee survived.

For greater certainty, Options shall not be affected by any change of employment of the Optionee or by the Optionee ceasing to be a Director of the Corporation provided that the Optionee continues to be an Admissible Person.

For the purposes of this Section 10, "**Cause**" means any act or omission by the Admissible Person which would in law permit an employer to, without notice or payment in lieu of notice, terminate the Admissible Person's employment or services, and shall include without limitation the meaning attributed thereto in the employment agreement or consulting agreement, as may be applicable, of such Admissible Person.

For the purposes of 10(a), the date the Optionee ceases to be an Admissible Person, in the case of termination of employment with the Corporation, shall be the last day upon which the employee provides services to the Corporation at its premises and not the last day of any notice period or upon which the Corporation pays wages or salaries in lieu of notice of termination, statutory, contractual or otherwise.

#### **11. ISSUE OF COMMON SHARES**

No Optionee shall have any of the rights or a shareholder with respect to any Optioned Shares until same have been paid for in full and issued to him.

#### **12. TRANSFERABILITY AND ASSIGNMENT**

Subject to the provisions of this Section 12, Options are personal to the Optionee. No Optionee may deal with any Option or any interest in it or Transfer any Option now or hereafter held by the Optionee except in accordance with the Plan. A purported Transfer of any Option in violation of the Plan will not be valid and the Corporation will not issue any Optioned Shares upon the attempted exercise of an improperly Transferred Option. No Option shall be Transferable or assignable other than by will or the laws of succession and distribution.

For the purposes of this Section 12, "**Transfer**" means any sale, exchange, assignment, gift, bequest, disposition, mortgage, charge, pledge, encumbrance, grant of security interest or other arrangement by which, directly or

indirectly, possession, legal title or beneficial ownership passes from an Optionee to another person, or to the Optionee in a different capacity, whether or not voluntary or by operation of law and whether or not for value, and any agreement to effect any of the foregoing; and the words “**Transferred**”, “**Transferring**”, “**Transferrable**” and similar words have corresponding meanings; and

### **13. ALTERATION OF NUMBER OF SHARES SUBJECT TO THE PLAN**

The number of Common Shares subject to the Plan shall be increased or decreased proportionately in the event of the subdivision or consolidation of Common Shares of the Corporation, and in any such event a corresponding adjustment shall be made changing the number of shares deliverable upon the exercise of any Option theretofore granted without change in the total price applicable to the unexercised portion of the Option, but with a corresponding adjustment in the price for each Optioned Share. In case the Corporation is reorganized or merged or consolidated or amalgamated with another corporation, appropriate provisions shall be made for the continuance of the Options outstanding under the Plan and to prevent their dilution or enlargement.

### **14. TERMINATION**

Notwithstanding any vesting schedule determined in accordance with Section 9 hereto or any other provision of this Plan, in the event that the Corporation or its shareholders receive and accept an offer to acquire all of the shares or substantially all of the assets of the Corporation, whether effected through an acquisition for cash or securities, and whether structured as a purchase, amalgamation, merger, arrangement, reorganization or other business combination (in each case, a “**Sale Transaction**”), the Committee may, in its sole discretion, deal with the Options issued under the Plan in the manner it deems fair and reasonable in light of the circumstances of the Sale Transaction provided all Optionees to whom Options have been granted under the Plan and remain outstanding are treated similarly. In this regard, in the event of a proposed Sale Transaction, the Committee may, in its sole discretion, by written notice (the “**Notice**”) to any Optionee, accelerate the vesting of some or all the Options such that such Options become immediately fully vested. In such circumstances, the Committee may by written notice compel the Optionee to exercise his Options within 30 days of the date of such written notice to exercise, failing which the Optionee’s right to purchase Optioned Shares under such Options lapses. In addition, and without limiting the generality of the foregoing, in connection with a Sale Transaction, the Committee may, without any action or consent required on the part of any such Optionee, (i) deem any or all Options (vested or unvested) under the Plan to have been exercised and the Optioned Shares to have been tendered to the Sale Transaction, (ii) apply a portion of the Optionee’s proceeds from the closing of the Sale Transaction to the Option Price payable by that Optionee for the exercise of his or her Options, (iii) cancel the Options and pay to an Optionee the amount that the Optionee would have received, after deducting the Option Price of the Options, had the Options been exercised, (iv) exchange Options, or any portion of them, for options to purchase shares in the capital of the acquiror or any corporation which results from an amalgamation, merger or similar transaction involving the Corporation made in connection with the Sale Transaction, or (v) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.

If the proposed Sale Transaction is not completed within 180 days after the date of Notice, any affected Optionee, within a period of 10 days following the 180-day period, may elect to cancel an exercise pursuant to the Notice. In respect of any Optionee who makes this election, the Corporation will return to the Optionee all rights under such Optionee’s Options as if no exercise had been effected, subject to the appropriate adjustment of accounts to the position that would have existed had there been no exercise of Options.

The Committee may at any time terminate the Plan with respect to Common Shares not being, at that time, Optioned Shares, and the Committee may at any time amend any provision of the Plan subject to obtaining the necessary approval of the TSXV and any other applicable regulatory authorities, provided that any such amendment shall not adversely affect or impair any Option previously granted to an Optionee under the Plan, without its consent.

## **15. ADMINISTRATION**

Within the limitations set forth in the Plan, the Committee is authorized to provide for the grant, vesting, exercise and method of exercise of Options, on such terms (which may vary as between Options) as it shall determine. All decisions and interpretations made by the Committee shall be binding and conclusive on the Corporation and all Admissible Persons who participate in the Plan. With respect to the Plan and to its administration, time shall be of the essence.

With the consent of the affected Optionee, the Committee may amend or modify any outstanding Option in any manner to the extent that the Committee would have had the initial authority to grant the Option as so modified or amended, including without limitation, to change the date or the price at which an Option becomes exercisable, subject to any required prior approval of any applicable regulatory authority.

## **16. WITHHOLDINGS, ETC.**

For certainty and notwithstanding any other provision of the Plan, if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise or disposition of Options by an Optionee, then the Optionee shall, concurrently with the exercise or disposition:

- (i) pay to the Corporation, in addition to the exercise price for the Options, if applicable, sufficient cash as is determined by the Corporation to be the amount necessary to fund the required tax remittance;
- (ii) authorize the Corporation, on behalf of the Optionee, to sell in the market on such terms and at such time or times as the Corporation determines such portion of the Optioned Shares being issued upon exercise of the Options as is required to realize cash proceeds in the amount necessary to fund the required tax remittance; or
- (iii) make other arrangements acceptable to the Corporation to fund the required tax remittance.

## **17. GENERAL**

This Plan is to be governed by and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

This Plan is effective as of October 10, 2013.

## SCHEDULE C

### BOARD MANDATE

#### **Mandate of the Board of Directors**

Pursuant to the *Canada Business Corporations Act*, the Board of Directors (the “Board”) is required to supervise the management of the affairs and business of the Corporation. The Board’s principal responsibilities are to supervise and evaluate management, to oversee the conduct of the Corporation’s business, to set policies appropriate for the business of the Corporation and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.

In discharging its duty of stewardship over the Corporation, the Board expressly undertakes the following specific duties and responsibilities:

- The Board monitors financial performance and considers, reviews and approves all significant strategic decisions, including all major decisions relating to acquisitions, divestitures and financing. The Board expects the Corporation’s senior officers to manage the business of the Corporation on a day-to-day basis and to keep the Board informed of all significant developments affecting the Corporation. The Board receives from management regular reports on the Corporation’s compliance with various legal requirements and internal control procedures, operational/management reports and any other relevant reports.
- The Corporation’s overall strategy is developed by management and is reviewed annually by the Board which considers the business and political risks and opportunities inherent in it.
- The Board identifies the principal risks to the Corporation, and reviews and assesses the methods and systems for managing such risks. In particular, the Audit Committee is responsible for reviewing the adequacy of the Corporation’s systems for identifying and managing financial risks.
- The Board regularly considers the integrity, quality and continuity of management required to achieve the Corporation’s goals. The Board is responsible for reviewing succession planning, senior management development and the performance of management against their annual objectives. Annually, the Compensation Committee measures management’s performance and total compensation against the objectives set in the annual budget.
- The Board annually reviews the Corporation’s relations with shareholders, employees, financial analysts, the media and other stakeholders. The Corporation’s goal is to outline procedures and practical guidelines for public disclosure and dissemination of material and non-material information about the Corporation and its subsidiaries. Senior officers are often available to shareholders and through the investor relations function they aim to provide clear and accessible information on the Corporation’s operations and investments. The President and CEO is responsible for ensuring the consistency and accuracy of information released to analysts and others and that all such information is in the public domain.
- The Audit Committee reviews and provides recommendations to the Board on the adequacy of the internal controls. Management and external auditors provide to the Audit Committee regular reports on the Corporation’s control environment. The internal control procedures are reviewed in detail to ensure they meet the new rules and standards.

#### **Composition of the Board of Directors and Relationship to Significant Shareholder**

The Corporation currently has six directors, four of whom, Harry Blum, Thomas Kofman, Constantine Salamis and R. David Russell qualify as unrelated directors and are independent of management and free from any interest or business relationship which could, or could be perceived to, materially interfere with their ability to act in the best interests of the Corporation. David McPherson and Steve Vaughan, qualify as related directors due to their management position and legal counsel capacity held respectively with the Corporation. The Board is of the view

that four unrelated directors are appropriate to facilitate effective decision-making. The Corporation does not have a significant shareholder with the ability to vote a majority of the outstanding shares of the Corporation for the election of directors.

### **Board Independence**

The Chairman and the President and CEO of the Corporation are active and central members of the Corporation. The Board believes that adequate structures and processes are in place to facilitate the functioning of the Board independently of the Corporation's management.

### **Committees of the Board of Directors**

There are currently four standing committees of the Board: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, and the Technical Committee.

The Audit Committee was established to assist the Board in fulfilling its oversight responsibilities in the following principal areas: (1) accounting policies and practices, (2) the financial reporting process, (3) financial statements provided by the Corporation to the public, (4) risk management including systems of accounting and financial controls, (5) appointing, overseeing and evaluating the work and independence of the external auditors, and (6) compliance with applicable legal and regulatory requirements. The Audit Committee currently consists of Harry Blum (Chair), Thomas Kofman and R. David Russell, all of whom are considered independent. The Audit Committee has adopted a written charter which is available on the Corporation's website at [www.purenickel.com](http://www.purenickel.com).

The Compensation Committee is responsible for setting and administering the policies and programs that govern both annual compensation and stock option programs for the executive officers and directors of the Corporation. The Compensation Committee is also responsible for providing oversight with regard to the Corporation's various programs of compensation, including all incentive plans, stock option plans and stock purchase plans. The Compensation Committee currently consists of Harry Blum (Chair), R. David Russell and Constantine Salamis, all of whom are considered independent. The Compensation Committee has adopted a written charter which is available on the Corporation's website at [www.purenickel.com](http://www.purenickel.com).

The Corporate Governance and Nominating Committee was established to assist the Board in its responsibilities relating to reviewing the Corporation's operational compliance with applicable legal requirements and sound ethical standards. The Corporate Governance and Nominating Committee currently consists of Harry Blum (Chair), R. David Russell, and Constantine Salamis all of whom are considered independent. The Corporate Governance and Nominating Committee has adopted a written charter which is available on the Corporation's website at [www.purenickel.com](http://www.purenickel.com).

The Technical Committee was established to assist the Board in its responsibilities related to oversight of technical studies and evaluations of the Corporation's properties, to provide a panel for due diligence on proposals to acquire new properties, drop existing properties, and review project plans for existing properties, to oversee the Corporation's environmental and permit compliance programs and their effectiveness, and to oversee the Corporation's Safety and Health program and its effectiveness. The Technical Committee has adopted a written charter which is available on the Corporation's website at [www.purenickel.com](http://www.purenickel.com).

### **Corporate Governance Principles**

The Board is committed to the achievement of business success and the enhancement of long-term shareholder value with the highest standards of integrity and ethics. In that regard, the Board has adopted a Corporate Governance and Nominating Committee Charter and Corporate Governance Principles to provide an effective corporate governance framework for the Corporation, intending to reflect a set of core values that provide the foundation for the Corporation's governance and management systems and its interactions with others. A copy of the Corporate Governance Charter and the Corporate Governance Principles are available on the Corporation's website at [www.purenickel.com](http://www.purenickel.com) or upon request to the Corporation's Corporate Secretary.

### **Compensation**

During the year ended November 30, 2012, members of the board of directors, other than the director who serves as CEO, received director fees in accordance with the schedule shown below. These amounts were determined by



the Compensation Committee based upon an analysis of peer company director remuneration prepared by management, approved by the Board for the fiscal year ended November 30, 2010, and have been unchanged since then.

Annual fee – Chair of the board	\$20,000
Annual fee – Chair of the Audit Committee	\$15,000
Annual fee – other directors	\$10,000
Fee per board or committee meeting attended	\$500
Fee per committee meeting attended for chair of the committee	\$750

#### **Code of Ethics**

The Corporation has adopted a Code of Conduct and Ethics for its officers, employees and consultants, and a Financial Management Code of Conduct for its CEO, CFO and senior financial personnel. These Codes are available on the Corporation's website at [www.purenickel.com](http://www.purenickel.com) or upon request to the Corporation's Corporate Secretary.

#### **Decisions Requiring Prior Approval by the Board**

The Board has delegated the day-to-day management of the business and affairs of the Corporation to the President and CEO. Prior approval by the Board is also required in many specific instances under the *Canada Business Corporations Act*, securities legislation and the by-laws, rules and policies of the TSX.

#### **Shareholder Feedback and Concerns**

The Corporation presently conducts an active shareholder relations program under the direction of its President and CEO. The program involves meeting with investors, brokers and analysts with respect to announcements by the Corporation. Shareholders are informed of developments in the Corporation by the issuance of timely press releases.

Management of the Corporation routinely make themselves available to shareholders to respond to questions and concerns. Shareholder concerns are dealt with on an individual basis, usually by providing requested information. Significant shareholder concerns are brought to the attention of the management of the Corporation or the Board.

#### **Expectations of Management**

The Board expects management of the Corporation to conduct the business of the Corporation in accordance with the Corporation's ongoing strategic plan and to meet or surpass the annual and long-term goals of the Corporation set by the Board in consultation with management. As part of its annual strategic planning process, the Board intends to set expectations of management both over the next financial year and in the context of the Corporation's long-term goals. Each quarter, the Board reviews management's progress in meeting these expectations.

#### **Public Disclosure**

This mandate shall be included on the Corporation's website and the mandate and/or a reference thereto may be included in the Corporation's public continuous disclosure record as may be required by applicable securities laws or as deemed advisable by management of the Corporation.

