



**NOTICE OF  
ANNUAL MEETING OF SHAREHOLDERS  
AND  
INFORMATION CIRCULAR**

For the Annual Meeting of Shareholders  
to be held on Wednesday, June 8, 2016



Mortgage Investment Corporation

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual meeting of shareholders (the "**Meeting**") of PrimeWest Mortgage Investment Corporation ("**PrimeWest**" or the "**Corporation**") will be held on **Wednesday, June 8<sup>th</sup>, 2016 at 4:30 p.m.** (CST) at **the Delta Bessborough, 601 Spadina Crescent East, Saskatoon, SK** for the purposes of:

- (a) To receive the audited financial statements of the Corporation for the year ended December 31, 2015, and the report of the auditors thereon;
- (b) To elect the board of directors of the Corporation (the "Board") for the ensuing year from the slate of nominees named in the Information Circular;
- (c) To appoint Ernst & Young LLP, chartered Accountants, Saskatoon, SK as the auditors of the Corporation for the ensuing year, at a remuneration to be fixed by the Board; and
- (d) Transact such other business as may properly come before the Meeting.

The Corporation has elected to use the notice-and-access provisions under National Instrument 54-101 and National Instrument 51-102 ("**Notice-and-Access Provisions**") for this Meeting. Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators which reduce the volume of materials that must be physically mailed to shareholders by allowing the Corporation to post the Information Circular and any additional materials online. Shareholders will still receive this Notice of Meeting and a form of proxy and may choose to receive a hard copy of the Information Circular. The Corporation will not use procedures known as 'stratification' in relation to the use of Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the Circular to some shareholders with a notice package. In relation to the Meeting, all shareholders will receive the required documentation under the Notice-and-Access Provisions, which will not include a paper copy of the Information Circular.

The Information Circular is available on the Corporation's website at <http://www.primewest.ca> and under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Any shareholder who wishes to receive a paper copy of the Information Circular, should contact the Corporation at 700 – 750 Spadina Crescent, Saskatoon, Saskatchewan S7K 3H3, Toll Free: 1-888-955-1002 or by fax: 306-955-9511. A shareholder may also use the toll-free number noted above to obtain additional information about the Notice-and-Access Provisions.

Under the Notice-and-Access Provisions, meeting related materials will be available for viewing for up to 1 year from the date of posting and a paper copy of the materials can be requested at any time during this period. In order to allow for reasonable time to be allotted for a shareholder to receive and review a paper copy of the Information Circular prior to the Proxy Deadline, any shareholder wishing to request a paper copy of the Information Circular as described above, should ensure such request is received by 10 a.m. (Saskatchewan time) on May 27, 2016.

The Information Circular contains details of matters to be considered at the Meeting.

No other matters are contemplated, however any permitted amendment to or variation of any matter identified in this Notice may properly be considered at the Meeting. The Meeting may also consider the transaction of such other business as may properly come before the Meeting or any adjournment thereof.

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and execute the enclosed form of proxy, or another suitable form of proxy, and deliver it in accordance with the instructions set out in the form of proxy and in the Information Circular.**

**Beneficial Shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are not a registered shareholder.**

**DATED** at Saskatoon, Saskatchewan, April 29<sup>th</sup>, 2016.

**BY ORDER OF THE BOARD**

*“Tom Archibald”*

**Thomas Archibald  
Chair**



**INFORMATION CIRCULAR**  
**For the Annual Meeting of Shareholders**  
**to be held on June 8, 2016**

**This Information Circular is furnished in connection with the solicitation of proxies by the management of PrimeWest Mortgage Investment Corporation for use at the annual general meeting (the “Meeting”) of its shareholders to be held on June 8, 2016 at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.**

In this Information Circular, references to “the Corporation”, “we”, “our” and “PrimeWest” refer to **PrimeWest Mortgage Investment Corporation**. “Common Shares” means Class A common shares without par value in the capital of the Corporation. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

**GENERAL PROXY INFORMATION**

*Solicitation of Proxies*

The solicitation of proxies will be primarily by mail, subject to the use of Notice-and-Access Provisions in relation to the delivery of the Information Circular, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to Beneficial Shareholders of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

*Notice-and-Access*

Notice-and-Access means provisions concerning the delivery of proxy-related materials to Shareholders found in section 9.1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“NI 51-102”), in the case of registered shareholders, and section 2.7.1 of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), in the case of Beneficial Shareholders, which would allow an issuer to deliver an information circular forming part of proxy-related materials to shareholders via certain specified electronic means provided that the conditions of NI 51-102 and NI 54-101 are met.

The Notice-and-Access Provisions are a mechanism which allows reporting issuers other than investment funds to choose to deliver proxy-related materials to registered holders and beneficial owners of securities by posting such materials on a non-SEDAR website (usually the reporting issuer’s website and sometimes the transfer agent’s website) rather than delivering such materials by mail. The Notice-and-Access Provisions can be used to deliver materials for the general meeting. Reporting issuers may still choose to

continue to deliver such materials by mail, and beneficial owners will be entitled to request delivery of a paper copy of the information circular at the reporting issuer's expense.

The use of the Notice-and-Access Provisions will reduce paper waste and mailing costs to the issuer. In order for the Corporation to utilize the Notice-and-Access Provisions to deliver proxy-related materials by posting an information circular (and if applicable, other materials) electronically on a website that is not SEDAR, the Corporation must send a notice to shareholders, including Beneficial Shareholders, indicating that the proxy related materials have been posted and explaining how a Shareholder can access them or obtain from the Corporation, a paper copy of those materials. This Information Circular has been posted in full on the Corporation's website at <http://www.primewest.ca> and under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

In order to use Notice-and-Access Provisions, a reporting issuer must set the record date for notice of the meeting to be on a date that is at least 40 days prior to the meeting in order to ensure there is sufficient time for the materials to be posted on the applicable website and other materials to be delivered to shareholders. The requirements of that notice, which requires the Corporation to provide basic information about the Meeting and the matters to be voted on, explain how a shareholder can obtain a paper copy of the Information Circular and any related financial statements and Management Discussion and Analysis ("MD&A"), and explain the Notice-and-Access Provisions process, have been built into the Notice of Meeting. The Notice of Meeting has been delivered to shareholders by the Corporation, along with the applicable voting document (a form of proxy in the case of registered shareholders or a voting instruction form in the case of Beneficial Shareholders).

The Corporation will not rely upon the use of 'stratification'. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of the information circular with the notice to be provided to shareholders as described above. In relation to the Meeting, all shareholders will have received the required documentation under the Notice-and-Access Provisions and all documents required to vote in respect of all matters to be voted on at the Meeting. No shareholder will receive a paper copy of the information circular from the Corporation or any intermediary unless such shareholder specifically requests same.

The Corporation will be delivering proxy-related materials to NOBOs, as hereinafter defined, directly with the assistance of the Corporation's transfer agent, Computershare Trust Corporation of Canada ("Computershare"). The Corporation will pay intermediaries for delivery of proxy-related materials to OBOs, as hereinafter defined.

**Any shareholder who wishes to receive a paper copy of this Information Circular must make contact with the Corporation at 700 – 750 Spadina Crescent, Saskatoon, Saskatchewan S7K 3H3, Tel: (306) 955-1002 or Fax: (306) 955-9511.** In order to ensure that a paper copy of the Information Circular can be delivered to a requesting shareholder in time for such shareholder to review the Information Circular and return a proxy or voting instruction form prior to the Proxy Deadline, it is strongly suggested that a shareholder ensure their request is received no later than 10:00 a.m. (Saskatchewan) on May 27, 2016.

All Shareholders may call 1-888-955-1002 (toll-free) in order to obtain additional information relating to the Notice-and-Access Provisions or to obtain a paper copy of the Information Circular, up to and including the date of the Meeting, including any adjournment of the Meeting.

## **APPOINTMENT OF PROXYHOLDERS**

### ***General***

The persons named in the accompanying form of proxy are directors and/or officers of the Corporation and are nominees of Management.

**A shareholder of the Corporation has the right to appoint a person, other than the person designated in the accompanying form of proxy (who need not be a shareholder of the Corporation, or otherwise entitled to attend and vote at the Meeting) to attend and act for the shareholder and on the shareholder's behalf at the meeting.** A shareholder desiring to appoint some other person may do so either by inserting the desired person's name in the blank space provided for that purpose in the accompanying form of proxy or by completing another proper form of proxy.

### ***Voting by Proxyholder***

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the management appointee acting as a proxyholder will vote in favour of each matter identified on the Proxy and, if applicable, for the nominees of management for directors and auditors as identified in the Proxy.**

### ***Registered Shareholders***

Registered shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered shareholders who wish to submit a proxy may choose one of the following voting options:

- (a) complete, date and sign the Proxy and return it to Computershare, by mail to Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, ON L4B 4R5, at least 48 hours excluding Saturdays, Sundays and holidays) preceding the Meeting or any adjournment thereof. Proxies may be mailed to Computershare at the address indicated above or proxies may be delivered by hand to Computershare, 8<sup>th</sup> Floor, 100 University Ave., Toronto, ON M5J 2Y1, or by phone at 1-866-732-8683; or
- (b) use a touch-tone phone to transmit voting choices to the toll free number given in the proxy. Registered shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder's account number and the proxy access number; or
- (c) via the internet at Computershare's website, [www.investorvote.com](http://www.investorvote.com). Registered shareholders must follow the instructions provided and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In either case registered shareholders must ensure the proxy is received at least 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or the adjournment thereof. Failure to complete or deposit a proxy properly may result in its invalidation. The time limit for the deposit of proxies may be waived by the Corporation's board of directors (the "Board") at the discretion of the Board without notice.

### *Beneficial Shareholders*

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the names of intermediaries. In Canada the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of meetings of shareholders. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: Objecting Beneficial Owners ("OBOs") who object to their name being disclosed to the issuers of securities they own; or Non-Objecting Beneficial Owners ("NOBOs") who do not object to the issuers of the securities they own knowing who they are.

The Corporation is taking advantage of NI 54-101 provisions permitting it to deliver proxy-related materials directly to its NOBOs. As a result NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from Computershare. The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered owners of the securities of the Corporation utilizing the Notice-and-Access Provisions. If you are a non-registered owner, and the Corporation or its agent sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly utilizing the Notice-and-Access Provisions, the Corporation (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure their Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the proxy provided to registered shareholders by the Corporation. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“Broadridge”) in Canada. Broadridge mails a VIF in lieu of a proxy provided by the Corporation. The VIF will name the same persons as the Corporation’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting and that person may be you. To exercise this right, insert the name of your desired representative (which may be you) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting voting of the Common Shares to be represented at the Meeting and the appointment of any shareholder’s representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted, or to have an alternate representative duly appointed to attend the Meeting and vote your Common Shares at the Meeting.**

## **REVOCATION OF PROXIES**

Any shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by a shareholder by depositing a written notice of revocation signed by the shareholder or the shareholder’s attorney authorized in writing:

- (a) at the registered office of the Corporation, at 1000 - 2002 Victoria Avenue, Regina, SK, S4P 0R7, at any time up to and including the close of business on the last business day preceding the day of the Meeting or an adjournment thereof at which the proxy is to be used;
- (b) with the Chairperson of the Meeting on the day of the Meeting or an adjournment thereof; or
- (c) by signing another proxy bearing a later date and depositing it at Computershare, Proxy Department, 135 West Beaver Creek, P.O. Box 300, Richmond Hill, ON L4B 4R5 or by **hand to Computershare, 8<sup>th</sup> Floor, 100 University Ave., Toronto, ON M5J 2Y1, or by phone at 1 (866) 732-8683 or on the Web at [www.investorvote.com](http://www.investorvote.com)** within the time stated above for delivery of proxies.

## **VOTING OF PROXIES**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** The person appointed as proxy will vote or withhold from voting the shares represented thereby in accordance with the direction of the shareholder(s) appointing such person. In the absence of such direction, such shares will be voted in favour of or for, as the case may be, the matters identified in the Notice of Annual Meeting accompanying this Information Circular.

The person appointed as proxy also has discretionary authority and may vote the shares represented thereby as such person considers best with respect to amendments or variations to matters identified in the Notice of Meeting or other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

## **VOTE BY INTERNET**

Shareholders may use the internet site at [www.investorvote.com](http://www.investorvote.com) to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the website and will be prompted to enter their Control Number, which is located on the form of proxy. If shareholders vote by internet, their vote must be received not later than **4:30 pm (CST) on June 6, 2016** or 48 hours prior to the time of any adjournment of the Meeting. The website may be used to appoint a proxy holder to attend and vote on a shareholder's behalf at the Meeting and to convey a shareholder's voting instructions. If a shareholder subsequently wishes to change their appointment, such shareholder may resubmit their proxy and/or voting direction prior to the deadline noted above. When resubmitting a proxy, the most recently submitted proxy will be recognized as the only valid one, and all previously submitted proxies will be disregarded and considered as revoked, provided that the last proxy is submitted by the deadline noted above.

## **NOTICE AND ACCESS**

The Canadian Securities Administrators have adopted amendments to NI 54-101, which allow for the use of the "notice and access" provisions for the delivery of meeting materials.

Under the notice and access provisions, reporting issuers are permitted to deliver the meeting materials by posting them on SEDAR as well as a website other than SEDAR and sending a notice package to each shareholder receiving the meeting materials under these provisions. The notice package must include: (i) the relevant form of proxy or voting instruction form; (ii) basic information about the meeting and the matters to be voted on, (iii) instructions on how to obtain a paper copy of the meeting materials; and (iv) a plain-language explanation of how the notice and access system operates and how the meeting materials can be accessed online.

The Corporation has elected to send its meeting materials using the notice and access provisions. Accordingly, the Corporation will send the above mentioned notice package to shareholders which includes instructions on how to access the Corporation's meeting materials online and how to request a paper copy of these materials.

## **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as disclosed herein, no Person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting. For the purpose of this paragraph, "Person" shall include each person who: (a) has been a director or executive officer of the corporation at any time since the beginning of the Corporation's last financial year; or (b) who is an associate or affiliate of any person listed in subparagraph (a).

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

The Board has fixed the close of business on April 29, 2016 as the record date for the Meeting (the "**Record Date**").

The authorized capital of the Corporation consists of an unlimited number of Class A shares ("**Class A Shares**") and an unlimited number of Class B shares ("**Class B Shares**"). Each Class A Share carries the right to one vote at all meetings of the shareholders of the Corporation and accordingly, shareholders of record as at the Record Date will be entitled to one vote for each Class A Share held by them. No Class B Shares are outstanding.

The Common Shares of the Corporation are listed on the Canadian Securities Exchange (the “CSE”). The Corporation is authorized to issue an unlimited number of Common Shares. As of the Record Date, there were 1,705,069 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over shares carrying more than 10% of the voting rights attached to all shares of the Corporation, except for Canadian Western Trust ITF MFG Ltd. Managed Accounts, which managed accounts control or direct, directly or indirectly, 241,236 Class A Shares, representing approximately 14.1% of the outstanding Class A Shares as of the Record Date.

A person who is a shareholder on the Record Date is entitled to vote his or her shares except to the extent that the person has transferred the ownership of any of his or her shares after the Record Date and the transferee of the shares produces properly endorsed share certificates or otherwise establishes that he or she owns the shares and demands, not later than ten days before the Meeting, that his or her name be included in the list of shareholders for the Meeting, in which case the transferee is entitled to vote his or her shares at the Meeting.

## **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions. If there are more nominees for election as directors or appointment of the Corporation’s auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## **EXECUTIVE COMPENSATION**

### *Named Executive Officers*

In this section “Named Executive Officer” (an “NEO”) means the Chief Executive Officer (the “CEO”), and the Chief Financial Officer (the “CFO”) as well as any additional individuals for whom disclosure would have been provided under Statement of Executive Compensation Form 51-102F6, except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year.

The following disclosure sets out the compensation that the Board intended to pay, make payable, award, grant give or otherwise provide to each NEO and director for the financial year ended December 31, 2015.

### *Compensation Discussion and Analysis*

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation’s executive compensation objectives and processes and to discuss compensation decisions relating to its NEOs listed in the Summary Compensation Table that follows. During its fiscal year ended December 31, 2015, the following individuals were NEOs of the Corporation:

- Don Zealand, President & CEO (March 2011 to current);
- Marlene Kaminsky, Acting CFO (June 2015 to current);

- Rick Peddle, CFO (January to May 2015);

PrimeWest Mortgage Investment Corporation is a mortgage investment corporation whose business is the investment and re-investment of capital in mortgage securities registered as against residential and commercial real estate. As a result, the Board must consider not only the financial situation of PrimeWest Mortgage Investment Corporation at the time of determining executive compensation, but also the estimated financial situation of the Corporation for both short and long-term projections.

The function of the Compensation Committee generally is to assist the Board in carrying out its responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Corporation's base compensation structure and equity-based compensation programs, recommending compensation of the Corporation's officers and employees, and evaluating the performance of officers generally and in light of the Corporation's annual goals and objectives.

The Board assumes responsibility for reviewing and monitoring the long-range compensation strategy for the senior management of the Corporation although the Compensation Committee guides it in this role. The Corporation's Compensation Committee receives independent competitive market information on compensation levels for executives.

### ***Philosophy and Objectives***

The Corporation's compensation policies and programs are designed to be competitive with similar mortgage investment corporations and to recognize and reward executive performance consistent with the success of the Corporation's business. The significant objectives, elements and formula for compensation to be awarded to, earned by, paid to, or payable to NEOs by the Corporation are to:

- (i) Attract and retain experienced and talented executive officers;
- (ii) Inspire excellence in the performance of executive officers; and
- (iii) Align shareholder and executive officer interests.

The Corporation relies solely on the discussions of the Board, without any formal objectives, criteria and analysis, for determining executive compensation. The Corporation did engage compensation consultants to assist in determining the NEOs compensation during the year ended December 31, 2015.

### ***Base Salary***

In the Board's view, paying base salaries which are competitive in the markets in which the Corporation operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on comparable companies within the industry is compiled from a variety of sources, including surveys conducted by independent consultants and national and international publications.

### ***Bonus Incentive Compensation***

The Corporation's objective is to achieve certain strategic objectives and milestones. The Board will consider executive bonus compensation dependent upon the Corporation meeting those strategic objectives and milestones and sufficient cash resources being available for the granting of bonuses. The Board approves executive bonus compensation dependent upon compensation levels based on recommendations of the Compensation Committee, and such recommendations are generally based on survey data provided by independent consultants.

The Corporation provides a performance bonus for the Chief Executive Officer equal to 0.25% of the value of the Corporation's mortgage investment portfolio, payable quarterly. The value of the portfolio is determined by the aggregate mortgage principal outstanding at the end of each quarter. The performance bonus is intended to encourage growth of the Corporation's mortgage investment portfolio.

Compensation paid to the executives does not include any share-based incentives, option-based incentives, pension plan benefits or termination benefits.

### ***Equity Participation***

The Corporation believes that encouraging its executives and employees to become shareholders is an effective way of aligning their interests with those of its shareholders.

Given the evolving nature of the Corporation's business as a mortgage investment corporation, the Board continues to review and redesign the overall compensation plan for senior management so as to continue to address the objectives identified above.

The Compensation Committee has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Compensation Committee has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Compensation Committee considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

### ***Summary Compensation Table***

The following table sets forth the compensation for the NEO's for the year ended December 31, 2015 and for each of the preceding two years, as applicable:

<b>Name and principal position</b>	<b>Year</b>	<b>Salary/Fees</b>	<b>Non-equity incentive plan compensation</b>	<b>All other compensation</b>	<b>Total Compensation</b>
<b>(a)</b>	<b>(b)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
		<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>
<b>Don Zealand, CEO</b>	2015	\$155,000.00	\$62,104.40	\$4,200.00	\$221,304.40
	2014	\$150,000.00	\$95,356.99	\$4,200.00	\$249,556.99
	2013	\$150,000.00	\$74,450.21	\$4,025.00	\$228,475.21
<b>Marlene Kaminsky, Acting CFO</b>	2015	\$97,000.08	\$8,800.00	Nil	\$105,800.08
	2014	\$89,583.33	Nil	Nil	\$89,583.33
	2013	\$54,105.83	Nil	Nil	\$54,105.83

<b>Rick Peddle, CFO</b>	2015	\$9,086.00	Nil	Nil	\$9,086.00
	2014	\$20,944.00	Nil	Nil	\$20,944.00
	2013	\$54,054.00	Nil	Nil	\$54,054.00

Effective March 23, 2011, the Corporation employed Don Zealand as Chief Executive Officer. Mr. Zealand comes to the Corporation from the Royal Bank where he most recently served as Vice President Commercial Public Sector for Saskatchewan, Manitoba and North-Western Ontario. Mr. Zealand currently receives an annual salary of \$155,000.00 for his services. Mr. Zealand is eligible to receive a performance bonus equal to 0.25% of the value of the Corporation's mortgage portfolio, as described above. Mr. Zealand also receives \$350.00 per month for a vehicle allowance.

From May 29, 2015 to the present Marlene Kaminsky CPA, CMA has served as the Acting Chief Financial Officer of the Corporation. Prior to this Ms. Kaminsky served as Controller of the Corporation beginning in May 2013. Ms. Kaminsky served as Corporate Comptroller & Office Manager for a multi-disciplined industrial contractor in northern Manitoba for 18 years prior to her employment with PrimeWest. Ms. Kaminsky obtained her CMA designation with the Society of Management Accountants of Alberta.

Rick Peddle, FCPA, FCA, through Thomson Jaspar & Associates, provides financial and accounting services to the Corporation from time to time on a fee for service basis. Mr. Peddle acted as Chief Financial Officer of the Corporation during 2013, 2014 and until May 29, 2015.

The officers of the Corporation are also entitled to be reimbursed for reasonable out-of-pocket expenses incurred while acting as an officer of the Corporation.

## DIRECTORS COMPENSATION

The following table sets forth the compensation paid to the directors of the Corporation for the year ended December 31, 2015:

<b>Name</b>	<b>Fees earned</b>	<b>All other compensation</b>	<b>Total</b>
<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Thomas Archibald <sup>(2)</sup>	\$20,400.00	Nil	\$20,400.00
Francis Bast <sup>(2)(4)</sup>	\$19,200.00	Nil	\$19,200.00
Danny Anderson <sup>(1)(3)</sup>	\$16,800.00	Nil	\$16,800.00
Mike Hough <sup>(1)(3)</sup>	\$16,800.00	Nil	\$16,800.00
Irene Seiferling <sup>(3)(4)</sup>	\$19,200.00	Nil	\$19,200.00
Doug Frondall <sup>(1)(4)</sup>	\$21,600.00	Nil	\$21,600.00

- (1) Member of the Audit Committee  
(2) Member of the Credit Committee  
(3) Member of the Corporate Governance Committee  
(4) Member of the Compensation Committee

The members of the Board are entitled to reasonable compensation proportional to the services provided by them to the Corporation. Each member of the Board receives \$1,000.00 per month, which is paid to each of them in cash by the Corporation on a monthly basis. The members of the Board are also entitled to be reimbursed for reasonable out-of-pocket expenses incurred while acting as a director of the Corporation. Additional compensation includes \$400.00 per month for the Chair of the Audit Committee, Chair of the Credit Committee, Chair of the Compensation Committee and Chair of the Governance Committee, and \$500.00 per month for the Chair of the Board. Each member of the Corporate Governance Committee, Audit Committee, and Compensation Committee receive \$200.00 per month.

Danny Anderson, whose professional corporation is a partner in MacPherson Leslie & Tyerman LLP has provided legal services to the corporation from time to time, and any legal fees rendered are in addition to remuneration paid to Mr. Anderson in his capacity as director.

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

No informed person of the Corporation, proposed director of the Corporation, or associate or affiliate of any informed person or proposed director (collectively "Insiders" see Definitions below), have any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

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

In July 2006 the Corporation advanced an interest-free loan to certain of its directors or past-directors, all of which have been repaid in full save and except for the loan of \$50,000.00 to Gordon S. Wyant (past-director) of which \$10,800.00 plus accrued interest is currently outstanding. The proceeds of the loans were utilized by such directors or past-directors to acquire additional Class A Shares. This loan program has been cancelled and the loan to Mr. Wyant is the sole amount outstanding.

### **MANAGEMENT CONTRACTS**

There are no management functions of the Corporation, which are to any substantial degree performed by a person or Corporation other than the directors or executive officers of the Corporation.

### **ELECTION OF DIRECTORS**

The Articles of Incorporation of the Corporation (the "**Articles**") currently provide for a minimum of 3 directors and a maximum of 10 directors, as determined by the Board from time to time. The Board has fixed the number of directors to be elected at the Meeting at 5 directors. Unless the director's office is vacated earlier in accordance with the provisions of *The Business Corporations Act* (Saskatchewan) ("SCA"), each director elected will hold office until the conclusion of the next annual general meeting of the Corporation, or if no director is then elected, until a successor is elected.

The following disclosure sets out the names of management's nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Corporation and the number of Common Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

<b>Name &amp; Residence of Nominee</b>	<b>Principal Occupation (last 5 years)</b>	<b>Office and period of Service</b>	<b>Class A Shares owned or controlled</b>
Thomas Archibald Saskatoon, SK	President, Eden Health Solutions	Director and Chair or Co-Chair since May 30, 2007	58,390
Francis Bast Regina, SK	Director, Sales and Development, Century West Development (2006) Corporation, President of Century Management and Development Ltd.	Director since July 2005 Chair of Credit Committee	33,500
Doug Frondall Saskatoon, SK	Executive Advisor, Corporate Services - Virtus Group	Director since May 14, 2008 Chair of Audit Committee	12,500
Tom Robinson Regina, SK	Retired Chartered Accountant	New board nominee	
Barbara Klassen Saskatoon, SK	Businesswoman	New board nominee	

None of the proposed nominees for election as a director of the Corporation are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Corporation acting solely in such capacity.

***Occupation, Business or Employment of New Director Nominees***

**Tom Robinson**

Tom Robinson is a Retired Regional Managing Partner of KPMG LLP. Tom joined KPMG in 1975, became a partner in 1984, and retired from the firm in 2014. Tom served in numerous leadership roles with KPMG. He was the Regional Managing Partner of the West Region for 15 years and the Managing Partner for the Regina office for 25 years. Tom was also a member of the firm's Management Committee for 5 years. For more than 39 years he has provided audit, business advisory and consulting services to large and medium sized organizations in the private and public sectors.

**Barbara Klassen**

Barb Klassen obtained her MBA at the U of S in 1989 and became a chartered accountant in 1993 after being employed with Ernst & Young LLP for a period of five years. She gained experience in the structuring and development of capital funds at Ernst Young LLP, working with capital growth funds, immigrant investor funds, community bond fund, livestock, and grain terminal funds in Saskatchewan.

Barb co-founded Western Capital Fund Limited Partnership and she has been active in residential construction and commercial real estate as sole shareholder in Heritage Mortgage Group Ltd. since 2003 to the present. Heritage Mortgage Group Ltd. involves a defined group of investors and the company is not in pursuit of new investment clientele. The operations of this company do not conflict with PrimeWest.

## APPOINTMENT OF AUDITOR

Ernst & Young LLP, will be nominated at the Meeting for re-appointment as auditor of the Corporation at remuneration to be fixed by the directors.

## AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR

National Instrument 52-110 – *Audit Committees* (“NI 52-110”) of the Canadian Securities Administrators requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor. Such disclosure is set forth below.

### *The Audit Committee’s Charter*

The audit committee has a charter which is attached to this Circular as Appendix “A”. A copy of the Audit Committee Charter is filed on [www.sedar.com](http://www.sedar.com).

### *Composition of the Audit Committee*

The current members of the audit committee are Doug Frondall, Dan Anderson and Mike Hough. All current members of the audit committee are considered to be independent and to be financially literate.

### *Audit Committee Oversight*

The audit committee has not made any recommendations to the Board to nominate or compensate any auditor other than Ernst & Young LLP.

### *Reliance on Certain Exemptions*

The Corporation’s auditor, Ernst & Young LLP, has not provided any material non-audit services.

### *Pre-Approval Policies and Procedures*

The audit committee has adopted specific policies and procedures for the engagement of non-audit services which are set out in the Audit Committee Charter contained in the Information Circular filed on [www.sedar.com](http://www.sedar.com).

### *External Auditor Service Fees*

The audit committee has reviewed the nature and amount of the services provided by Ernst & Young LLP to the Corporation to ensure auditor independence. Fees incurred with Ernst & Young LLP for audit and non-audit services in the last two fiscal years are outlined in the following table.

Nature of Services	Fees Paid and/or Accrued to for Ernst & Young LLP Year Ended December 31, 2015	Fees Paid and/or Accrued to Ernst & Young LLP for Year Ended December 31, 2014
Audit Fees <sup>(1)</sup>	\$43,800.00	\$42,200.00
Audit-Related Fees <sup>(2)</sup>		\$15,000.00 (IFRS Conversion)
Tax Fees <sup>(3)</sup>	\$2,500.00	\$2,400.00
All Other Fees <sup>(4)</sup>	\$876.00	\$1,144.00
Total	\$47,176.00	\$60,744.00

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit reviews of the Corporation’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.

### ***Exemption***

The Corporation is a CSE issuer and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

## **CORPORATE GOVERNANCE**

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

The Board has a formal mandate as outlined in the Corporation’s Corporate Governance Policies and Procedures Manual (the “Governance Manual”). The Governance Manual mandates the Board to: (i) assume responsibility for the overall stewardship and development of the Corporation and monitoring of its business decisions, (ii) identify the principal risks and opportunities of the Corporation’s business and ensure the implementation of appropriate systems to manage these risks, (iii) oversee ethical management and succession planning, including appointing, training and monitoring of senior management and directors, and (iv) oversee the integrity of the Corporation’s internal financial controls and management information systems. The Governance Manual also includes written charters for each committee and it contains a code of ethics. Further, in the Governance Manual the Board encourages but does not require continuing education for all the Corporation’s directors. A copy of the Governance Manual is available prior to the Meeting upon request by contacting the Corporation directly at tel: (306) 955-1002 or fax: (306) 955-9511 or email: [info@primewest.ca](mailto:info@primewest.ca).

### ***Composition of the Board of Directors***

Applicable governance policies require that a listed issuer’s board of directors determine the status of each director as independent or not, based upon each director’s interest in or other relationship with, the Corporation. Applicable governance policies recommend that a board of directors be constituted with a majority of directors who qualify as independent directors (as defined below). A board of directors should also examine its size with a view to determining the impact of the number of directors upon the effectiveness of the board of directors, and the board of directors should implement a system which enables an individual director to engage an outside advisor at the expense of the corporation in appropriate circumstances. The Corporation’s policies allow for retention of independent advisors for members of the Board when they consider it advisable.

Under the policies, an “independent” director is one who “has no direct or indirect material relationship” with the Corporation. Generally speaking, a director is independent if he or she is free from any employment, business or other relationship which could, or could reasonably be expected to, materially interfere with the exercise of the director’s independent judgement. A material relationship includes having been (or having a family member who has been) within the last three years an employee or

executive of the Corporation or employed by the Corporation’s external auditor. Any individual who (or whose family members or partners) received directly or indirectly, any consulting, advisory, accounting or legal fee or investment banking compensation from the Corporation (other than compensation for acting as a director or as a part time chairman or vice-chairman) is deemed to have a material relationship with the Corporation.

The Board is proposing five nominees for election to the office of director, all of whom can be considered to be “independent”. These nominees will be, if elected, considered independent by virtue of their not being executive officers of the Corporation and having received no compensation other than in their role as directors.

***Directorships***

The directors currently serving on boards of the following other reporting companies (or equivalent) are set out below:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>	<b>Exchange Listed</b>
Doug Frondall	SaskWorks Venture Fund Inc.	N/A

The Board has a Governance Committee (the “Governance Committee”) that formalizes the process of ensuring the Corporation has high calibre directors and proper director succession planning. The Governance Committee has considered and recommended election as directors of the persons identified in this Information Circular. The Governance Committee currently consists of Irene Seiferling, Dan Anderson and Mike Hough.

The Board monitors activities of senior management through regular meetings and discussions amongst the Board and between the Board and senior management. The Board is of the view that its communication policy between senior management, members of the Board and shareholders is good. The Board is satisfied with the integrity of the Corporation’s internal control and financial management information systems.

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

Applicable regulatory governance policies require that (i) committees of the Board be composed of at least a majority of independent directors, (ii) the Board expressly assumes responsibility, or assigns responsibility to a committee of directors for the development of the Corporation’s approach to governance issues, (iii) the Board’s audit committee be composed of a majority of independent directors, and the role of the audit committee be specifically defined and must include the responsibility to oversee management’s system of internal controls, (iv) the audit committee has direct access to the Corporation’s external auditor, and (v) the Board appoint a committee, composed of a majority of independent directors, responsible for proposing new nominees to the Board and for assessing directors on an ongoing basis.

***Compensation Committee***

The Board’s compensation committee currently consists of Doug Frondall, Irene Seiferling and Francis Bast.

The compensation committee recommends compensation for the directors and executive officers of the Corporation. See further disclosure under *Executive Compensation and Directors Compensation* above. The Compensation Committee Charter is included in the Governance Manual.

Compensation committee functions include the annual review of compensation paid to the Corporation's executive officers and directors, the review of the performance of the Corporation's executive officers and the task of making recommendations on compensation to the Board.

#### ***Credit Committee***

The Credit Committee is responsible for reviewing and approving management recommendation for residential and commercial mortgages, and for establishing from time to time guidelines for the manner in which mortgage applications are to be received and advanced for approval within the Corporation.

#### ***Audit Committee***

The Audit Committee is responsible for overseeing the work of the Auditors, to assess major audit risk and to understand the audit strategy that is employed for the Corporation. For further information see *Audit Committee and Relationship with Auditor* within this Information Circular.

#### ***Governance Committee***

The Governance Committee is responsible for developing and recommending to the Board the Corporation's approach to corporate governance and assists members of the Board in carrying out their duties. The Governance Committee also reviews all new and modified rules and policies applicable to governance of listed corporations to assure that the Corporation remains in full compliance with such requirements as are applicable to the Corporation.

In exercise of its nominating function the Governance Committee evaluates and recommends to the Board the size of the Board and certain persons as nominees for the position of director of the Corporation. The Corporation has formal procedures for assessing the effectiveness of Board committees as well as the Board as a whole. This function is carried out annually under the direction of the Governance Committee and those assessments are then provided to the Board. The Governance Committee charter is attached to this Circular as Appendix "B".

#### ***Board of Directors Decisions***

Good governance policies require the Board of a listed corporation, together with its chief executive officer, to develop position descriptions for the Board and for the chief executive officer, including the definition of limits to management's responsibilities. Any responsibility which is not delegated to senior management or to a Board committee remains with the full Board.

#### ***Recruitment of New Directors and Assessment of Board of Directors Performance***

Good governance policies require that (i) the board of directors of every listed corporation implement a process for assessing the effectiveness of the Board and its committees, and the contribution of individual directors, (ii) every corporation provide an orientation and education program for new directors, and (iii) every board of directors review the adequacy and form of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks involved in being an effective director.

Please also see *Governance Committee* above.

### ***Ethical Business Conduct***

The Board has a formal ethics policy, which is contained in the Governance Manual. The Board also believes that the fiduciary duties placed on individual directors by the Corporation's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest are sufficient to ensure that the Board operates independently of management and in the best interests of the Corporation.

### ***Nomination of Directors***

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience. The Governance Committee recommended to the Board the appointment of the five director nominees listed above for election this year. See *Governance Committee* above.

### ***Other Board Committees***

There are no committees of the Board other than the Audit Committee, the Credit Committee, the Compensation Committee and the Governance Committee described above.

## **ADDITIONAL INFORMATION**

### ***Financial Information***

Financial information is provided in the audited financial statements of the Corporation for the year ended December 31, 2015 and in the related management discussion and analysis and filed on SEDAR at [www.Sedar.com](http://www.Sedar.com).

### ***Advance Notice for Director Nominations***

The Corporation's Bylaw No. 3 requires advance notice for nominating directors at an annual meeting so there is a transparent, structured and fair process in the event of a potential proxy contest for the election of directors. The notice must include the name, address, age, principal occupation and certain other information about the nominees. For a summary of Bylaw No. 3, see attached Schedule "A" of the Corporation's Information Circular filed on May 27, 2015 under the Corporation's profile on SEDAR at [www.Sedar.com](http://www.Sedar.com).

You must send your nomination to the Corporation's corporate secretary 30 to 65 days before the date of the Meeting and it must comply with the bylaw requirements to be eligible for presentation at the Meeting.

Additional information relating to the Corporation is filed on SEDAR at [www.Sedar.com](http://www.Sedar.com) and upon request from the Corporation's Chief Financial Officer at telephone no.: 306-651-4550 or fax no.: 306-955-9511. Copies of documents will be provided free of charge to security holders of the Corporation. The Corporation may require the payment of a reasonable charge from any person or Corporation who is not a security holder of the Corporation, who requests a copy of any such document.

## **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Information Circular.

The contents of this Information Circular and its distribution to shareholders have been approved by the Board.

**DATED** at Saskatoon, Saskatchewan, April 29<sup>th</sup>, 2016

## **BY ORDER OF THE BOARD**

*“Tom Archibald”*

**Thomas Archibald**  
**Chair**

## Appendix "A" to PrimeWest Mortgage Investment Corporation Information Circular

### Audit Committee Charter

#### 1. PURPOSE

The purpose of the Audit Committee ("**Committee**") of the Board of Directors ("**Board**") of the Corporation is to assist the Board in fulfilling the Board's oversight responsibilities for:

- a. the accounting and financial reporting processes;
- b. internal controls;
- c. identifying and monitoring the management of the principal risks that could affect the reliability of financial reporting;
- d. the Corporation's compliance with financial laws and regulatory requirements;
- e. the external auditor, including performance, qualifications, independence and their audit of the Corporation's financial statements; and
- f. providing an avenue for effective communication among the Committee, external auditor, management and the Board.

The Committee shall make regular reports to the Board concerning its activities and, in particular, shall review with the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the performance and independence of the external auditors or the Corporation's process for monitoring compliance with financial laws and regulations.

The Committee is accountable to the Board. It serves an advisory role and makes recommendations to the Board for approval and decision-making.

#### 2. COMPOSITION

The Committee shall consist of as many members as the Board shall determine, but, in any event, not fewer than three directors, provided that each member of the Committee shall be determined by the Board to be an independent director for the purposes of and pursuant to the Corporation's Corporate Governance Guidelines. Members of the Committee shall also be financially literate and at least one member shall have a formal financial accounting accreditation.

Financially literate means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.

The Board shall appoint a Chair for the Committee ("**Chair**"). The Chair may be removed and replaced by the Board.

#### 3. RESOURCES

As indicated below, the Committee may require (at its discretion) the attendance of such management representatives as may be necessary at meetings of the Committee.

The Committee is empowered, with the prior approval of the Chairman of the Board, to consult experts at the expense of the Corporation where the Committee considers it necessary to carry out its duties.

#### **4. MEETINGS**

The Committee will meet at least four times annually and as many additional times as the Committee deems necessary to carry out its duties effectively.

The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

A majority of the members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present.

The Committee may invite officers, directors and employees of the Corporation to attend meetings of the Committee to assist in the discussion and consideration of any matter.

The Committee shall report to the Board in a timely manner with respect to each of its meetings.

#### **5. DUTIES AND RESPONSIBILITIES**

##### ***A. Accounting Policies***

- 1) Review all of the Corporation's critical accounting policies and all major issues regarding accounting principles and financial statement presentations.
- 2) Review with management and the external auditor any proposed changes in the selection or application of major accounting policies and the reasons for the change, to the extent that the foregoing may be material to financial reporting.
- 3) Review the results of the external auditor's findings and recommendations, management's response, and any resulting changes in accounting practices or policies and the impact such changes may have on the financial statements.
- 4) Review with management and the external auditor the extent to which changes or improvements in financial or accounting practices, as previously reported to the Committee, have been implemented.

##### ***B. Financial Reporting Process***

- 1) Require the external auditor to present and discuss with the Committee their views about the quality, not just the acceptability, of the implementation of generally accepted accounting principles with particular focus on accounting estimates and judgments made by management and their selection of accounting principles.

- 2) In consultation with management and the external auditor, inquire as to the integrity of the Corporation's financial reporting process and any major issues as to the adequacy of internal control.
- 3) Discuss with management and the external auditor:
  - a) any accounting adjustments that were noted or proposed by the external auditor but were not reflected in the financial statements;
  - b) any correcting adjustments that were identified by the external auditor; and,
  - c) any management or internal control letter issued, or proposed to be issued, by the external auditor.
- 4) Discuss with management and the external auditor any significant financial reporting issues considered during the fiscal period and the method of resolution. Resolve disagreements between management and the external auditor regarding financial reporting.
- 5) Review with management and the external auditor and legal counsel, if necessary, any litigation, claim or other contingency, including tax assessments, that could have a material effect on the financial position or operating results of the Corporation, and the manner in which these matters have been disclosed or reflected in the financial statements.
- 6) Review and discuss with management and the external auditor the audited annual financial statements and related management discussion and analysis and make recommendations to the Board with respect to approval thereof before being released to the public.
- 7) Obtain confirmation from the Chief Executive Officer and Chief Financial Officer of the Corporation to their knowledge that the audited financial statements, together with any financial information included in the annual management discussion and analysis, fairly represent in all material respects the Corporation's financial condition, cash flow and results of operations, as of the date and for the periods presented in such filings.
- 8) Review any news release containing earnings guidance or financial information before its release to the public.
- 9) Consult with management on the succession plan for the Chief Financial Officer and controller and review such succession plan annually.

### ***C. Internal Controls***

- 1) Receive from management a statement of the Corporation's system of internal controls over accounting and financial reporting.
- 2) Consider and review with management and the external auditor the adequacy and effectiveness of internal controls over accounting and financial reporting within the Corporation and any proposed significant changes in them.
- 3) Discuss with management and the external auditor any major issues as to the adequacy of the Corporation's internal controls and any special audit steps in light of material internal control deficiencies.

#### ***D. External Auditor***

- 1) Be responsible for the selection, appointment, compensation, retention, termination and oversight of the work of the Corporation's external auditor and, in such regard, recommend to the Board the nomination of the external auditor for approval by the shareholders.
- 2) Ensure the external auditor is registered with agencies mandated by applicable law.
- 3) Ensure that the external auditor has direct communication with the Committee and that the external auditor meets regularly with the Committee without the presence of management to discuss any matters that the Committee or the external auditor believes should be discussed privately.
- 4) Prior to the commencement of the audit, review with the external auditor the proposed audit plan and scope of work.
- 5) Consider, assess and report to the Board with regard to the independence and performance of the external auditor, and for such purpose:
  - a) annually request and review a formal written statement submitted by the external auditor that outlines all relationships between the external auditor and the Corporation;
  - b) conduct a periodic evaluation (taking into account the opinions of management) of the external auditor's qualifications, performance and independence, and present to the Board the Committee's conclusion in such regard; and,
  - c) annually obtain and review a report from the external auditor describing the firm's quality control procedures and any material issues raised by the firm's most recent review of internal control or by any government or professional authority inquiry or investigation and any steps taken to deal with any such issues.
- 6) Ensure the Corporation's policies for the hiring of employees and former employees of the external auditor include a minimum one-year "cooling off" period.
- 7) Pre-approve all non-audit services proposed to be provided by the external auditor.

#### ***E. Compliance***

- 1) Monitor compliance by the Corporation with all payments and remittances required to be made in accordance with applicable law, where the failure to make such payments could render the directors of the Corporation personally liable.
- 2) Review the findings of any examination by regulatory authorities and any external auditor's observations relating to such matters.
- 3) Establish procedures and policies for the following:
  - a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters; and,
  - b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

- 4) Review all proposed related party transactions and situations involving directors' and senior officers' potential or actual conflict of interest, other than routine transactions and situations arising in the ordinary course of business, consistent with past practice.
- 5) Approve the expenses submitted for reimbursement by the Chief Executive Officer.

#### **F. Additional Responsibilities**

- 1) Review and assess the adequacy of the Committee's Charter on an annual basis and recommend any proposed changes to the Corporate Governance Committee of the Corporation for recommendation to the Board for approval.
- 2) The Committee shall have the resources and authority to discharge its duties and responsibilities, including the authority to:
  - a) select, retain, terminate, set and approve the fees and other retention terms of special or independent counsel, accountants, or other experts as it deems appropriate; and
  - b) obtain appropriate funding to pay, or approve the payment of, such approved fees, without seeking approval of the Board or management.
- 3) Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by appointing from among its members. Subject to the foregoing, each member of the Committee shall remain as such until the next annual meeting of shareholders after that member's election.
- 4) The members and the Chair of the Committee shall be entitled to receive remuneration for acting in such capacity as the Board may from time to time determine.
- 5) The Committee shall participate in an annual performance evaluation by the Governance Committee, the results of which will be reviewed by the Board.
- 6) The Committee shall perform any other activities consistent with this Charter and the Corporation's governing laws and regulations, as the Committee or Board deems necessary or appropriate.

#### **6. COMMITTEE EVALUATION**

The Committee's performance shall be evaluated regularly, in accordance with a process developed by the Governance Committee and approved by the Board, and the results of that evaluation shall be reported to the Governance Committee and to the Board.

#### **7. REVIEW OF COMMITTEE'S CHARTER**

The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.

## **Appendix “B” to PrimeWest Mortgage Investment Corporation Information Circular**

### **Governance Committee Charter**

#### **1. PURPOSE**

The role of the Governance Committee ("**Committee**") of the Board of Directors ("**Board**") of the Corporation is to strengthen the governance capacity of the Corporation by:

- a. ensuring the Corporation has appropriate corporate governance policies and practices;
- b. ongoing assessment of the composition and effectiveness of the Board as a whole;
- c. the establishment and oversight of a formal process for the recruitment of directors; and
- d. ensuring the Corporation is set up to meet its regulatory obligations as a reporting issuer.

The Committee shall make regular reports to the Board concerning its activities and, in particular, shall review with the Board any issues that arise with respect to the quality or integrity of the Corporation’s governance system, governance responsibilities and disclosure and compliance obligations.

The Committee is accountable to the Board. It serves an advisory role and makes recommendations to the Board for approval and decision-making.

#### **2. COMPOSITION**

The Committee shall consist of as many members as the Board shall determine, but, in any event, not fewer than three directors, provided that each member of the Committee shall be determined by the Board to be an independent director for the purposes of and pursuant to the Corporation's Corporate Governance Guidelines.

The Board shall appoint a Chair for the Committee ("**Chair**"). The Chair may be removed and replaced by the Board.

#### **3. RESOURCES**

As indicated below, the Committee may require (at its discretion) the attendance of such management representatives as may be necessary at meetings of the Committee.

The Committee is empowered, with the prior approval of the Chairman of the Board, to consult independent experts at the expense of the Corporation where the Committee considers it necessary to carry out its duties.

#### **4. MEETINGS**

The Committee will meet at least four times annually and as many additional times as the Committee deems necessary to carry out its duties effectively.

The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and management. The agenda and information concerning the business to be conducted at each Committee meeting shall, to the extent practical, be communicated to the members of the Committee sufficiently in advance of each meeting to permit meaningful review.

A majority of the members of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present.

The Committee may invite officers, directors and employees of the Corporation to attend meetings of the Committee to assist in the discussion and consideration of any matter.

The Committee shall report to the Board in a timely manner with respect to each of its meetings.

## **5. RESPONSIBILITIES**

The governance-related responsibilities of the Committee are as follows:

### ***A. Identification and Long-Term Planning of Board Member Characteristics***

- 1) Identify and review with the Board the appropriate skills and characteristics required of Board members taking into consideration the characteristics of independence, age, skills, experience and availability of service to the Corporation of its members, as well as the opportunities, risks, and strategic direction of the Corporation.

### ***B. Evaluation, Identification and Recommendation of Nominees to the Board***

- 1) In consultation with the Board Chair, identify and recommend to the Board nominees for election or re-election to the Board or for appointment to fill any vacancy that is anticipated or has arisen on the Board, in accordance with the Corporation's Corporate Governance Guidelines and this Charter.

### ***C. Board Chair Succession Planning***

- 1) Develop and periodically update a Board Chair succession planning process which shall take into account the ideal skills, experience, and characteristics for a successor Board Chair, as well as the opportunities, risks and strategic direction of the Corporation and any other relevant circumstances.

### ***D. Monitoring and Review of Board Member Education and Commitments***

- 1) Review, monitor and make recommendations regarding the initial orientation and education of new Board members and the ongoing education of directors; and
- 2) Upon a significant change in a director's principal occupation or upon a director assuming any significant outside commitments, review, as appropriate, the continued Board membership of such director.

#### ***E. Recommendation of Directors to Serve as Committee Members and Chairs***

- 1) Identify and recommend to the Board individual directors to serve as members and Chairs of the Audit Committee, the Human Resources Committee, as well as the Governance Committee itself.

#### ***F. Board Guidelines, Policies, Procedures and Charters***

- 1) Develop and recommend to the Board for approval Corporate Governance Guidelines for the Corporation.
- 2) Periodically review the Corporation's Corporate Governance Guidelines and/or Charters for the Board, committees of the Board, the Board Chair, Committee Chairs, individual directors, and the Chief Executive Officer and recommend to the Board for approval any changes in the Guidelines that the Committee determines to be necessary or advisable.
- 3) Make recommendations to the Board on all matters of corporate governance, including any reports that may be required or considered advisable, and on any corrective action to be taken, as the Committee may deem appropriate.

#### ***G. Compliance and Disclosure Reporting***

- 1) The Committee shall be responsible for the Corporation's reports regarding compliance with the governance guidelines, recommendations or requirements of any applicable regulator or securities exchange.
- 2) Review those portions of the Corporation's annual disclosure documents containing significant information relating to matters within the Committee's mandate.

#### ***H. Director Compensation***

- 1) Review and make recommendations to the Board with respect to the compensation of the Corporation's directors to ensure that director's compensation is appropriate and adequately reflects the responsibilities of a directorship.

#### ***I. Establishment and Implementation of Evaluation Processes***

- 1) Establish criteria for and implement an evaluation process for the Board, the Board Chair, each committee of the Board, and individual directors in order to assess the effectiveness of the Board as a whole, the Board Chair, each committee of the Board, and the contribution of individual directors.

#### ***J. Other Duties***

- 1) Undertake such other responsibilities as the Board directs.

## **6. COMMITTEE EVALUATION**

The Committee's performance shall be evaluated regularly, in accordance with a process developed by the Governance Committee and approved by the Board, and the results of that evaluation shall be reported to the Governance Committee and to the Board.

## **7. REVIEW OF COMMITTEE'S CHARTER**

The Committee shall assess the adequacy of this Charter on an annual basis and recommend any changes to the Board.