

## **CHAKANA COPPER CORP.**

1430 - 800 West Pender Street, Vancouver, B.C. V6C 2V6  
Telephone: (604) 638-8063

### **INFORMATION CIRCULAR**

as at December 6, 2019 *(except as otherwise indicated)*

**This Information Circular is furnished in connection with the solicitation of proxies by the management of Chakana Copper Corp. for use at the annual general meeting (the “Meeting”) of its shareholders to be held on January 15, 2020 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 Company”, “we” and “our” refer to Chakana Copper Corp. “Common Shares” means common shares in the capital of the Company. “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, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners 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.

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “**Proxy**”) are officers and/or directors of the Company. If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable 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 persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

### **Registered Shareholders**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by one of the following methods:

- a) complete, date and sign the Proxy and return it to the Company's transfer agent, TSX Trust Company ("TSX Trust"), by mail or hand delivery to 100 Adelaide Street, Suite 301, Toronto, Ontario, M5H 4H1, or by fax at 1-416-595-9593; or
- b) log on to the TSX Trust website at [www.voteproxyonline.com](http://www.voteproxyonline.com). Registered shareholders must follow the instructions provided on the website and refer to the enclosed proxy form for the holder's account number and the proxy access number.

In either case you 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 chairman of the meeting at the chairman's discretion without notice. **Please note that in order to vote your Common Shares in person at the Meeting, you must attend the Meeting and register with the Scrutineer before the Meeting. If you have already submitted a Proxy, but choose to change your method of voting and attend the Meeting to vote, then you should register with the Scrutineer before the Meeting and inform them that your previously submitted proxy is revoked and that you personally will vote your Common Shares at the Meeting.**

### **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 Company 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 Company. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. 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), and in the United States of America (the "U.S." or the "United States") the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks).

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

There are two kinds of Beneficial Shareholders - those who object to their name being made known to the issuers of securities which they own (called "OBOS" for "*Objecting Beneficial Owners*") and those who do not object to the issuers of the securities they own knowing who they are (called "NOBOs" for "*Non-Objecting Beneficial Owners*").

The Company is taking advantage of the provisions of National Instrument 54-101 “*Communication with Beneficial Owners of Securities of a Reporting Issuer*” that permit 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 our transfer agent, TSX Trust Company. The VIF is to be completed and returned to TSX Trust Company as set out in the instructions provided on the VIF. TSX Trust Company 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 Company. If you are a non-registered owner, and the Company or its agent has 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, the Company (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.

These securityholder materials are sent to both registered and non-registered (beneficial) owners of the securities of the Company. If you are a non-registered owner, and the Company 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.

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

The form of proxy supplied to you (as a beneficial owner) by your broker will be similar to the proxy provided to registered shareholders by the Company. However, its purpose is limited to instructing the intermediary on how to vote on your behalf. Most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada and in the United States. Broadridge mails a Voting Instruction Form (“**VIF**”) in lieu of the proxy provided by the Company. The VIF will name the same persons as the Company’s Proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), different from 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. Once you have completed and signed your VIF return it to Broadridge by mail or facsimile, or deliver your voting instructions to Broadridge by phone or via the internet, in accordance with Broadridge’s instructions. Broadridge tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **If you receive a VIF from Broadridge, it must be completed and returned to Broadridge, in accordance with Broadridge’s instructions, well in advance of the Meeting in order to: (a) have your Common Shares voted at the Meeting as per your instructions; or (b) have an alternate representative chosen by you duly appointed to attend and vote your Common Shares at the Meeting.**

#### **Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of*

1934, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder's authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or duly authorized attorney, and by delivering the proxy bearing a later date to TSX Trust or at the address of the registered office of the Company at 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7, at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or
- b) personally attending the Meeting and voting the registered shareholder's Common Shares.

**A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.**

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

No director or executive officer of the Company, or any person who has held such a position since the beginning of the last completed financial year of the Company, nor any nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the appointment of the auditor and as may be set out herein.

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

The Company's board of directors (the "**Board**") has fixed December 6, 2019 as the record date (the "**Record Date**") for determining persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting.

The Company is authorized to issue an unlimited number of Common Shares.

The Company was incorporated on May 2, 2011 under the name of “Hadrian Resources Inc.” and the Company’s name was changed on August 4, 2011 to “Remo Resources Inc.” On January 29, 2018, a reverse take-over (“RTO”) of the Company by 1098767 B.C. Ltd. (formerly Chakana Copper Corp.) (“Chakana Private Co”) was completed and the Company then changed its name to “Chakana Copper Corp.”

Prior to closing of the RTO, the Common Shares traded on the TSX Venture Exchange (the “TSXV”) under the symbol “RER” and were halted from trading in anticipation of the RTO on October 5, 2017. In connection with the RTO, the Company consolidated its Common Shares on the basis of one post-consolidation Common Share for each 6.865385 pre-consolidation Common Shares. Pursuant to TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions* the Company entered into an Escrow Agreement with TSX Trust and certain securityholders of the Company depositing securities from the securityholders in escrow. Following the RTO the Common Shares commenced trading, on a post-consolidated basis on the TSXV under the symbol “PERU”; and on September 18, 2018, the Common Shares commenced a listing on OTCQB Marketplace under trading symbol “CHKKF”.

As of December 6, 2019, there were 93,199,847 Common Shares without par value issued and outstanding, each carrying the right to one vote, of which 7,349,626 outstanding Common Shares were held in escrow. 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 Company, only the following person beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as at December 6, 2019:

<b>Shareholder Name<sup>(*)</sup></b>	<b>Number of Common Shares Held<sup>(*)</sup></b>	<b>Percentage of Issued Common Shares</b>
Gold Fields Nazca Holdings Inc.	15,686,275	16.83%

Note:

(\*) The above information has been furnished by the Company and from the insider reports available at [www.sedi.ca](http://www.sedi.ca).

The following documents filed with the securities commissions or similar regulatory authority in British Columbia and Alberta are specifically incorporated by reference into, and form an integral part of, this information circular:

- the Company’s audited consolidated financial statements for the year ended May 31, and related management discussion and analysis as filed under the Company’s profile on November 15, 2019 at [www.sedar.com](http://www.sedar.com).

Copies of documents incorporated herein by reference may be obtained by a shareholder upon request without charge from the Company at 1430 - 800 West Pender Street, Vancouver, British Columbia, V6C 2V6, telephone no. (604) 638-8063 or fax no. (604) 648-8105. These documents are also available via the internet under the Company’s profile at [www.sedar.com](http://www.sedar.com).

## **VOTES NECESSARY TO PASS RESOLUTIONS**

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors or appointment of the Company’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.

## **ELECTION OF DIRECTORS**

The size of the Board was last set at five and the Board has determined to propose the number of directors to be elected to the Board at the Meeting be set at five (5) directors. At the Meeting shareholders will be asked to approve an ordinary resolutions to set the number of Board positions at five (5).

The Board will nominate the five (5) individuals set out below to be elected to the Board at the Meeting.

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (British Columbia) ("BCA"), each director elected at the Meeting will hold office until the conclusion of the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

### **Advance Notice Provisions**

On December 11, 2018, the shareholders of the Company approved the alteration of the Company's Articles include advance notice provisions (the "**Advance Notice Provision**"). The Advance Notice Provision provides for advance notice to the Company in circumstances where nominations of persons for election to the Board are made by shareholders of the Company other than pursuant to (i) a requisition of a meeting made pursuant to the provisions of the BCA or (ii) a shareholder proposal made pursuant to the provisions of the BCA.

The Advance Notice Provision is the framework by which the Company seeks to fix a deadline by which holders of record of Common Shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The foregoing is merely a summary of the Advance Notice Provision, is not comprehensive and is qualified by the full text of such provision which is available in Schedule A of the Company's Information Circular filed on November 15, 2018 under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

The Company did not receive notice of a nomination in compliance with the Advance Notice Provision, and as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Company will be disregarded at the Meeting.

### **Management Director Nominees**

The following table sets out the names of management's nominees for election as director, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's current principal occupation, business or employment (for the five preceding years for each new nominee), the period of time during which each has been a director of the Company and the number of Common Shares of the Company beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at December 6, 2019.

Nominee Position with the Company and Province or State and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Company	Common Shares Beneficially Owned or Controlled <sup>(1)(2)</sup>
David Kelley <sup>(4)(6)(7)</sup> CEO, President and Director Colorado, U.S.A.	CEO and President of the Company / Chakana Private Co (June 2017 – present); General Manager Exploration – Americas for MMG Limited and predecessor companies (May 2007 to November 2016)	Since January 2018	4,125,000 <sup>(3)</sup>
Douglas J. Kirwin <sup>(7)</sup> Chairman of the Board Muang Pathumthanee, Thailand	Self-employed geological consultant (May 2011 to present);	Since January 2018	3,350,000 <sup>(3)</sup>
John Black <sup>(5)(7)</sup> Director Colorado, U.S.A.	Self-employed economic geologist (Jan 2011 to present) CEO and Director of Regulus Resources Inc. (May 2012 to present), CEO and Director of Aldebaran Resources Inc. (October 2018 to present)	Since January 2018	82,500 <sup>(3)</sup>
Darren Devine <sup>(4)(5)(6)</sup> Director British Columbia, Canada	Principal of CDM Capital Partners (2011 to present); President of Chelmer Consulting Corp. (2005 to present)	Since January 2018	Nil <sup>(3)</sup>
Thomas E. Wharton, Jr. <sup>(4)(5)(6)</sup> Director Nebraska, U.S.A.	President of Wharton Consulting (August 2007 to present)	Since January 2018	7,399,889 <sup>(3)</sup>

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of management of the Company and has been furnished by the respective nominees, or obtained from information available on SEDI.
- (2) On an undiluted basis.
- (3) This director also holds options to purchase additional Common Shares: Kelley as to 1,000,000; Kirwin as to 300,000; Black as to 225,000; Devine as to 225,000; and Wharton as to 225,000.
- (4) Member of the Audit Committee.
- (5) Member of the Compensation Committee.
- (6) Member of the Nominating and Corporate Governance Committee.
- (7) Member of the Technical Committee.

## Biographies of Director Nominees

### *David Kelley – Director / Chief Executive Officer /President*

Mr. Kelley is an economic geologist and exploration geochemist with more than 25 years of international exploration experience throughout the Americas, Central Asia and Australasia. Most recently David was responsible for developing the exploration program at Las Bambas, Peru for MMG as the General Manager Exploration - Americas. Prior to this he worked for Oz Minerals, Zinifex, Newmont, WMC, BHP Westmont Mining and Gold Standard. He obtained a B.Sc. degree in geology from Colorado State University in 1985 and an M.Sc. degree in geology/geochemistry from the Colorado School of Mines in

1989. He is a past President of both the Society of Economic Geologists Foundation and the Association of Applied Geochemists.

*Douglas J. Kirwin – Director / Chairman of the Board*

Mr. Kirwin is an independent geologist with over 45 years of international exploration experience. He held senior positions with Anglo American and Amax during the 1970's and was Managing Director of a successful international geological consulting firm during the 1980's and early 1990's. In 1995 he accepted a role as the Vice President, Exploration for Indochina Goldfields and subsequently became the Executive Vice President of Ivanhoe Mines Limited until 2011 after which Ivanhoe was acquired by Rio Tinto. Mr. Kirwin was also a director of South Gobi Energy, Jinshan Gold and a founding non-executive director of Ivanhoe Australia Ltd. and an adjunct professor at the James Cook University, Australia.

As a member of the joint discovery team for the Hugo Dummett deposit at Oyu Tolgoi in Mongolia, he was a co-recipient of the PDAC inaugural Thayer Lindsley medal awarded for the most significant international mineral discovery in 2004. Other mineral discoveries made by Mr. Kirwin's exploration team include the Jelai-Mewet and Seryung epithermal deposits in north east Kalimantan, the Eunsan-Moisan gold mines in South Korea, the Moditaung gold deposits in Myanmar and the Merlin Re-Mo deposit in Australia.

*John Black – Director*

Mr. Black is an economic geologist with more than 30 years of exploration experience in the Americas, Central Asia, the SW Pacific, and Eastern Europe/Western Asia. He first worked in South America in 1993 and has been actively involved in mineral exploration throughout the continent for several companies since that time. Mr. Black was the founding President/CEO of Antares Minerals Inc. and was instrumental in that company acquiring the Haqira project in Peru. He was the key driver in negotiating the sale of Antares Minerals Inc. to First Quantum Minerals for C\$650 million. He subsequently became CEO and Director of Regulus Resources which is currently advancing the AntaKori copper-gold discovery in Peru. Most recently, Mr. Black has become CEO and Director of the Aldebaran Resources, a new company spun-out from Regulus Resources with a portfolio of projects in Argentina.

Mr. Black's early career included work with Bear Creek Mining Company, Kennecott Minerals Corporation, Rio Tinto and Western Mining Corporation.

His professional credentials include a B.Sc. degree in Geology from Stanford University in 1983 and an M.S. degree in Geology – Ore Deposits Exploration from Stanford University in 1988.

*Darren Devine – Director*

Mr. Devine is the principal of CDM Capital Partners, a firm that provides corporate finance advisory services to private and public companies. Mr. Devine also acts as a director and/or officer to a number of junior public companies in the natural resource and technology sectors. In addition, Mr. Devine is an active member of the TSX Venture Exchange's Local Advisory Committee. Mr. Devine is qualified as a barrister and solicitor in British Columbia and as a solicitor in England & Wales and prior to founding CDM Capital Partners, practiced exclusively in the areas of corporate finance and securities law.

*Thomas E. Wharton, Jr. – Director*

Mr. Wharton has over 30 years of experience in the development, marketing, management, financing, and the sale of early stage companies. Since January 2011 Mr. Wharton has been the Investment Manager for Saint Thomas Capital Partners, evaluating and managing investments in the areas of junior mining, oil & gas, and business to business technology services. Mr. Wharton has had integral experience working with all aspects of public and private companies in both junior exploration and mining and is a Director of Ely Gold Royalties, Dolly Varden Silver and Angel Gold.

Mr. Wharton received a Bachelor's degree in Business Administration from Creighton University in 1983 and began his career at Bozell & Jacob's Advertising. In 1988 Tom was promoted to Bozell's Business to Business New York Advertising division Poppe Tyson where he advanced to CFO and CIO in 1992. While CIO at Poppe Tyson, Mr. Wharton co-founded, managed, and was a Director for Poppe's ad sales network, Doubleclick Inc. where he assisted in its early management and initial financing. DoubleClick is now owned by Google.

### **Penalties, Sanctions and Cease Trade Orders**

Except as set out below, no proposed director is, as at the date of this information circular, or has been, within ten (10) years before the date of this information circular, a director, chief executive officer or chief financial officer of any company (including the Company, in respect of which the information circular is being prepared) that:

- a) was subject to an order 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 as director, chief executive officer or chief financial officer; or
- c) 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; or
- d) has, within the ten (10) years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

The British Columbia Securities Commission, as principal regulator, issued a management cease trade order (the "MCTO") against the Company on October 1, 2019 in connection with the late filing of the Company's annual financial statements, management's discussion and analysis and officer's certifications for the year ended May 31, 2019. The MCTO was revoked on November 19, 2019 in connection with the completion of the annual filings. Each of the proposed directors was a director of the Company at the time of issuance of the MCTO.

### **APPOINTMENT OF AUDITOR**

D&H Group LLP, Chartered Professional Accountants, of 10th Floor, 1333 West Broadway, Vancouver, British Columbia, Canada V6H 4C1 will be nominated at the meeting for re-appointment as auditor for the ensuing year. D&H Group LLP, Chartered Professional Accountants were first appointed auditors of the Company on January 29, 2018 in connection with the RTO.

**Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote FOR the appointment of D&H Group LLP, Chartered Professional Accountants, as auditor of the Company until the close of the next annual general meeting.**

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

The Company is a venture issuer as defined under National Instrument 52-110 – *Audit Committees* ("NI 52-110") and each venture issuer is required to disclose annually in its information circular certain

information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

### **The Audit Committee's Charter**

A copy of the Company's Audit Committee Charter was attached as Schedule A to the Company's information circular dated November 6, 2018 and filed on SEDAR at [www.sedar.com](http://www.sedar.com) on November 15, 2018. The Audit Committee Charter was adopted by the Board on March 15, 2018 and the actions and decisions of the Audit Committee have been governed by the Charter since then, and continue to be so.

### **Composition of the Audit Committee**

The current Audit Committee members are Thomas E. Wharton, Jr. (chair), David Kelley and Darren Devine. Messrs Wharton and Devine are independent. Mr. Kelley is not independent as he is an officer of the Company. All Audit Committee members are considered to be financially literate.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the Board's reasonable opinion, interfere with the exercise of a member's independent judgement.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements presenting a breadth and level of complexity of accounting issues generally comparable to the breadth and complexity of issues one can reasonably expect to be raised by the Company.

### **Relevant Education and Experience**

Each member of the Company's Audit Committee has adequate education and experience relevant to their performance as an Audit Committee member and, in particular, the requisite education and experience that provides the member with:

- a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- b) experience preparing, auditing, analyzing or evaluating 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 Company's financial statements or experience actively supervising individuals engaged in such activities; and
- c) an understanding of internal controls and procedures for financial reporting.

See *Biographies of Director Nominees* above, in particular the biographies of each Audit Committee member, for more information concerning each Audit Committee member's education and experience.

### **Audit Committee Oversight**

The Audit Committee has not made any recommendations to the Board to nominate or compensate any auditor other than D&H Group LLP.

### **Reliance on Certain Exemptions**

Neither the Company's current auditor, D&H Group LLP, Chartered Professional Accountants, or the Company's previous auditor, Charlton & Company, Chartered Professional Accountants, have provided any material non-audit services. At no time since the commencement of the Company's two most recently completed fiscal periods has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis* Non-Audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

## Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

## External Auditor Service Fees

The Audit Committee has reviewed the nature and amount of the non-audit services provided by D&H Group LLP, or previously by Charlton & Company, Chartered Professional Accountants, with to the Company to ensure auditor independence in the financial year ended May 31, 2019 and the nine month financial period ended May 31, 2018. Fees incurred with D&H Group LLP or previously with Charlton & Company, Chartered Professional Accountants, for audit and non-audit services in the last two fiscal periods are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Year Ended May 31, 2019 (C\$)	Fees Paid to Auditor in Nine Month Financial Period Ended May 31, 2018 (C\$)
Audit Fees <sup>(1)</sup>	85,000	20,000
Audit-Related Fees <sup>(2)</sup>	1,037	4,250
Tax Fees <sup>(3)</sup>	900	900
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>86,937</b>	<b>25,150</b>

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’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 Company is a “venture issuer” as defined in NI 52-110 and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

## CORPORATE GOVERNANCE

### General

National Instrument 58-101 - Disclosure of Corporate Governance Practices (“NI 58-101”) requires issuers to disclose their corporate governance practices and National Policy 58-201 – Corporate Governance Guidelines (“NP 58-201”) provides guidance on corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

Corporate governance refers to the policies and structure of the board of directors of a company, whose members are elected by and are accountable to the company’s shareholders. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

## Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the Board’s opinion, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board facilitates its independent supervision over management of the Company through frequent meetings of the Board at which members of management or non-independent directors are not in attendance and by retaining independent consultants where it deems necessary.

Management is delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its Audit Committee, the Board examines the effectiveness of the Company's internal control processes and management information systems. The Board reviews executive compensation and recommends stock option grants.

The independent members of the Board are John Black, Darren Devine, Thomas E. Wharton Jr. and Douglas J. Kirwin. David Kelley is a not independent as he is an officer of the Company.

### *Directorships*

Certain members of the Board are currently serving on boards of directors of other reporting companies (or equivalent) as set out below:

Name of Director	Name of Reporting Issuer	Exchange
Douglas J. Kirwin	Kenadyr Mining (Holdings) Corp. K92 Mining Inc. Avidian Gold Corp.	TSXV TSXV TSXV
Darren Devine	Dolly Varden Silver Corp.	TSXV
John Black	Regulus Resources Inc. Candente Copper Corp. Aldebaran Resources Inc.	TSXV TSX TSXV
Thomas E. Wharton, Jr.	Ely Gold Royalties Inc. Dolly Varden Silver Corp. Angel Gold Corp.	TSXV TSXV TSXV

## Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company's properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company's management and employees to give the directors additional insight into the Company's business.

## Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company'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 Company.

## **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend 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 Company's nominating and corporate governance committee (the "NCG Committee") has responsibility for identifying potential Board candidates. There is no set process for identifying new candidates, but a pool of candidates may be generated using the existing network of the Company Board members, a search firm, or any other method that the Board may choose. Two of the three members of the NCG Committee are independent.

## **Compensation**

The Board acting through its Compensation Committee determines compensation for the directors and compensation paid to the Chief Executive Officer. The procedures for this determination are described under Statement of Executive Compensation below.

## **Other Board Committees**

The Board has the following committees: Audit Committee, described above, the Compensation Committee, the Corporate Governance Committee and the Technical Committee.

## **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management, and the strategic direction and processes of the Board and the Audit Committee on an ongoing basis.

# **STATEMENT OF EXECUTIVE COMPENSATION**

## **General**

The following compensation information is provided as required under *Form 51-102F6V – Statement of Executive Compensation – Venture Issuers*, (the "F6V") as such is defined in NI 51-102.

For the purposes of this form F6V:

"**compensation securities**" includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries; and

"**NEO**" or "**named executive officer**" means each of the following individuals:

- i. each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer ("**CEO**"), including an individual performing functions similar to a CEO;
- ii. each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer ("**CFO**"), including an individual performing functions similar to a CFO;
- iii. in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year;

- iv. each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, requirements and was not acting in a similar capacity, at the end of that financial year.

### Director and Named Executive Officer Compensation

Prior to the completion of the Company's RTO with Chakana Private Co., Stephen Kenwood, former CEO and director, and Vivian Chuang, former CFO of the Company, were each a NEO of the Company and Gary Freeman, Keith Henderson and Peter Mordaunt were each directors of the Company. Stephen Kenwood and Vivian Chuang resigned as officers and Gary Freeman, Stephen Kenwood, Keith Henderson and Peter Mordaunt resigned as directors of the Company at the closing of the RTO on January 29, 2018.

The executives of Chakana Private Co. included David Kelley, CEO, and Kevin Ma, CFO, as NEOs; and David Kelley, Douglas Kirwin, John Black, Darren Devine and Thomas E. Wharton Jr. as directors.

At closing of the RTO on January 29, 2018, David Kelley, Douglas Kirwin, John Black, Darren Devine and Thomas E. Wharton Jr. became the directors of the Company and David Kelley was appointed President and CEO and Kevin Ma was appointed CFO of the Company.

The following compensation table, excluding options and compensation securities, provides a summary of the compensation paid by the Company and Chakana Private Co. to the Company's NEOs and members of the Board for the financial year ended May 31, 2019 and the fiscal periods from September 1, 2017 ending May 31, 2018. Options and compensation securities are disclosed under the heading "*Share Options and Other Compensation Securities*" below.

Table of compensation excluding compensation securities							
Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
David Kelley <sup>(1)</sup> CEO and Director	2019	264,857	Nil	Nil	Nil	Nil	264,857
	2018	139,658	Nil	Nil	Nil	Nil	139,658
Kevin Ma, <sup>(1)</sup> CFO	2019	75,600	Nil	Nil	Nil	Nil	75,600
	2018	55,400	Nil	Nil	Nil	Nil	55,400
John Black, <sup>(1)</sup> Director	2019	14,000	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Darren Devine, <sup>(1)(2)</sup> Director	2019	60,000	Nil	Nil	Nil	Nil	60,000
	2018	45,000	Nil	Nil	Nil	Nil	45,000
Douglas Kirwin, <sup>(1)</sup> Director	2019	79,534	Nil	Nil	Nil	Nil	79,534
	2018	57,554	Nil	Nil	Nil	Nil	57,554
Thomas E. Wharton, Jr., <sup>(1)</sup> Director	2019	12,000	Nil	Nil	Nil	Nil	12,000
	2018	3,000	Nil	Nil	Nil	Nil	3,000
Stephen Kenwood <sup>(2)</sup> Former Director and CEO	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Vivian Chuang, <sup>(2)</sup> Former CFO	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	750	Nil	Nil	Nil	Nil	750
Gary Freeman, <sup>(2)</sup> Former Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	79,500	Nil	Nil	Nil	Nil	79,500
Keith Henderson, <sup>(2)</sup> former Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

Table of compensation excluding compensation securities							
Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of Perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Peter Mordaunt, <sup>(2)</sup> Former Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Messrs. Kelley, Ma, Kirwin, Black, Devine and Wharton were appointed NEOs and/or Directors on January 29, 2018. Compensation included in the table prior to such date was paid by and related to services provided by such individuals to Chakana Private Co., which was acquired by the Company on January 29, 2018.
- (2) Mr. Kenwood and Ms. Chuang, were NEOs and Messrs. Kenwood, Freeman, Devine, Henderson and Mordaunt were directors during the financial period beginning April 1, 2016 and all but Mr. Devine resigned as NEOs and directors on January 29, 2018.

### Stock Options and Other Compensation Securities

The Board of Directors of the Company implemented a stock option plan effective April 12, 2012, which was subsequently amended and restated on July 18, 2017 (the “**Option Plan**”). The number of common shares which may be issued pursuant to options granted under the Option Plan is a maximum of 10% of the issued and outstanding common shares, on a non-diluted basis, at the time of the grant.

The purpose of the Option Plan is to attract and motivate directors, senior officers, employees, management company employees and consultants (collectively, the “**Optionees**”) and to give such persons, as additional compensation, the opportunity to participate in the success of the Company. Under the Option Plan, options are exercisable over periods of up to 10 years as determined by the Company's board of directors and are required to have an exercise price no less than the closing market price of the common shares on the trading day immediately preceding the day on which the Company announces the grant of options (or, if the grant is not announced, the closing market price prevailing on the day that the option is granted), less the applicable discount, if any, permitted by the policies of the TSX Venture Exchange and approved by the Company's Board of Directors. Options are not assignable nor transferrable by an Optionee. The number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis (without shareholder approval) or 2% if an Optionee is engaged in investor relations activities or is a consultant. The Option Plan contains no vesting requirements, but permits the Company's Board of Directors to specify a vesting schedule in its discretion, subject to the TSX Venture Exchange's minimum vesting requirements, if any.

The Option Plan provides that, on the death or disability of an option holder, all vested options will expire at the earlier of 365 days after the date of death or disability and the expiry date of such options. Where an Optionee is terminated for cause, any outstanding options (whether vested or unvested) are cancelled as of the date of termination. If an Optionee retires or voluntarily resigns or is otherwise terminated by the Company other than for cause, then all vested options held by such Optionee will expire at the earlier of (i) the expiry date of such options and (ii) the date which is 90 days (30 days if the Optionee was engaged in investor relations activities) after the Optionee ceases its office, employment or engagement with the Company.

The Option Plan is administered by the Board of Directors of the Company, which has full and final authority with respect to the granting of all options thereunder. Upon any corporate reorganization, such as a consolidation, merger, or amalgamation or other such transaction combining of the assets of two

companies, the Optionee will have an option to purchase the kind and amount of securities they would have been entitled to purchase.

As at December 6, 2019 there were 93,199,847 Common Shares outstanding. Accordingly a maximum aggregate of 9,319,984 Common Shares are available for reserve for exercise of options under the Option Plan. There are currently 3,010,000 options outstanding to purchase 3,010,000 Common Shares. Accordingly, 6,309,984 Common Shares remain available for reserve for exercise of options under the Option Plan.

No compensation securities were granted or issued to directors and NEOs by the Company, or a subsidiary of the Company, in the most recently completed financial year ended May 31, 2019 for services provided or to be provided, directly or indirectly, to the Company, or a subsidiary of the Company.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, underlying securities and percentage of class (#)	Date of Grant or Issue (mm/dd/yy)	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date (mm/dd/yy)
David Kelley <sup>(1)</sup> Director and CEO	Share Options	Nil	N/A	N/A	N/A	N/A	N/A
Kevin Ma <sup>(2)</sup> CFO	Share Options	Nil	N/A	N/A	N/A	N/A	N/A
Douglas Kirwin <sup>(3)</sup> Director	Share Options	Nil	N/A	N/A	N/A	N/A	N/A
John Black <sup>(4)</sup> Director	Share Options	Nil	N/A	N/A	N/A	N/A	N/A
Darren Devine <sup>(5)</sup> Director	Share Options	Nil	N/A	N/A	N/A	N/A	N/A
Thomas Wharton, Jr. <sup>(6)</sup> Director	Share Options	Nil	N/A	N/A	N/A	N/A	N/A

Notes:

- (1) As of May 31, 2019, David Kelley held 1,000,000 options to purchase 1,000,000 common shares at \$0.40 until August 31, 2022.
- (2) As of May 31, 2019, Kevin Ma held 150,000 options to purchase 150,000 common shares at \$0.40 until August 31, 2022.
- (3) As of May 31, 2019, Douglas Kirwin held 300,000 options to purchase 300,000 common shares at \$0.40 until August 31, 2022.
- (4) As of May 31, 2019, John Black held 225,000 options to purchase 225,000 common shares at \$0.40 until August 31, 2022.
- (5) As of May 31, 2019, Darren Devine held 225,000 options to purchase 225,000 common shares at \$0.40 until August 31, 2022.
- (6) As of May 31, 2019, Thomas Wharton, Jr. held 225,000 options to purchase 225,000 common shares at \$0.40 until August 31, 2022.

## Exercise of Compensation Securities by NEOs and Directors

There were no compensation securities exercised by any of the NEOs or directors of the Company during the financial year ended May 31, 2019.

## Employment, Consulting and Management Agreements

### *Executive Employment Agreement with David Kelley*

The Company entered into an Executive Employment Agreement dated December 3, 2018 with David Kelley in respect to Mr. Kelley's position as the Company's Chief Executive Officer (the "Kelley Agreement").

Under the Kelley Agreement, Mr. Kelley is paid an annual salary in the amount of US\$200,000 per year. In the event Company terminates the Kelley Agreement without cause, or Mr. Kelley resigns for good reason, Company will provide Mr. Kelley with:

- a) a lump sum cash payment equal to the greater of (A) USD\$200,000, and (B) one (1) year's salary as in effect immediately prior to the date of termination;
- b) a pro-rated lump sum cash payment equal to the greater of (A) the average performance bonus that Mr. Kelley received for each of the two preceding fiscal years; and (B) the performance bonus that Mr. Kelley received during the preceding fiscal year (provided, however, that if Mr. Kelley is not employed for a sufficient time to have received a performance bonus, such calculation will assume that a target performance bonus, if any, was paid) pro-rated for the period of time Mr. Kelley was employed by the Company in the current fiscal period (for greater clarity, if Mr. Kelley's date of termination was six months following the beginning of a fiscal period the cash payment would be reduced by 50%);
- c) the continuation of Mr. Kelley's benefits for a period of twelve (12) months following the date of termination (provided, however, that if the Company cannot provide, for any reason, Mr. Kelley or his dependents with the opportunity to participate in the benefits, the Company shall pay Mr. Kelley a lump sum cash payment, payable within 60 days following the date the Company determines it cannot provide such benefits, in an amount equal to the fair market value of such benefits);
- d) the acceleration of the vesting of all equity awards that would otherwise vest during the twelve (12) month period following the date of termination, and payment of all amounts owed, and satisfaction of all other obligations related to, all equity awards that are so vested in accordance with the foregoing;
- e) accrued obligations being (i) earned but unpaid base salary through the date of termination; (ii) payment of any annual, long-term, or other cash incentive award (including performance bonuses) earned in respect to any period ending on or before the date of termination, or payable (but not yet paid) on or before the date of termination; (iii) a lump sum payment in respect of accrued but unused vacation days; and (iv) any unpaid expense or other reimbursements due; and
- f) to the extent permitted by applicable law, Company shall extend the expiry date of any options Mr. Kelley holds to the date that is 12 months after the date of termination.

In the event (i) the Company terminates Mr. Kelley's employment without cause within nine (9) months of a change of control, or (ii) Mr. Kelley resigns for good reason within nine (9) months of a change of control, then, in addition to any payment that may be due as stated above, the Company shall pay Mr. Kelley a lump sum cash payment equal to the greater of (A) USD\$200,000, and (B) one (1) year's salary as in effect immediately prior to the date of termination (the "**Change of Control Payment**"). In such event, if the date of termination occurs prior to the change of control, then the Company shall pay Mr.

Kelley the Change of Control Payment within 20 business days after the change of control. If the change of control occurs prior to the date of termination, then the Company shall pay Mr. Kelley the Change of Control Payment within 20 business days after date of termination. In the event Mr. Kelley resigns without good reason within nine (9) months after a change of control, then the Company shall pay Mr. Kelley a lump sum cash payment equal to the greater of (A) USD\$200,000, and (B) one (1) year's salary as in effect immediately prior to the date of termination.

## **Oversight and Description of Director and Named Executive Officer Compensation**

### *Elements of the Compensation Program*

The responsibilities relating to executive and director compensation, including reviewing and recommending compensation of the Company's officers and employees and overseeing the Company's base compensation structure and equity-based compensation program is performed by the Board as a whole. The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Company's senior management. The Board generally reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity and the performance of officers generally and in light of the Company's goals and objectives.

The Company is a junior resource company with limited resources. The compensation for senior management of the Company is designed to ensure that the level and form of compensation achieves certain objectives, including: (a) attracting and retaining talented, qualified and effective executives; (b) motivating the short and long-term performance of executives; and (c) better aligning the interests of executive officers with those of the Company's shareholders. In the Board's view, paying salaries which are competitive in the markets in which the Company operates is a first step to attracting and retaining talented, qualified and effective executives. Competitive salary information on comparable companies is compiled from a variety of sources, including national and international publications.

The Board determines the compensation for the CEO and compensation of the Company's executives is also determined by the Board. In each case, the Board takes into consideration the prior experience of the executive, industry standards, competitive salary information on comparable companies of similar size and stage of development, the degree of responsibility and participation of the executive in the day-to-day affairs of the Company, and the Company's available cash resources.

In the Board's view, to attract and retain qualified and effective executives, the Company must pay base salaries which are reasonable in relation to the level of service expected while remaining competitive in the markets in which the Company operates.

The Board has assessed the Company's compensation plans and programs for its executive officers to ensure alignment with the Company's business plan and to evaluate the potential risks associated with those plans and programs. The Board 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 Company. The Board considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Company has not adopted a policy restricting its executive officers or directors from purchasing financial instruments designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its executive officers or directors. To the knowledge of the Company, none of the executive officers or directors has purchased such financial instruments.

## Pension Disclosure

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The only equity compensation plan the Company has in place is the Option Plan. The following table sets out equity compensation plan information as at May 31, 2019:

	Number of securities to be issued upon exercise of outstanding options	Weighted-average exercise price of outstanding options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders - the Option Plan	4,010,000	0.46	5,709,984
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
Total	4,010,000		5,709,984

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as at the closing of the Company's most recently completed financial year ended May 31, 2019, or as at the date hereof.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

This Information Circular, briefly describes (and, where practicable, states the approximate amount) of any material interest, direct or indirect, of any informed person of the Company, any proposed director of the Company, or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## MANAGEMENT CONTRACTS

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

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Continuation of Option Plan

The Option Plan was amended and restated effective on as of July 18, 2017. Under the Option Plan, options totaling a maximum of 10% of the Common Shares outstanding from time to time are available for grant.

To comply with the TSXV policies covering "rolling" option plans, continued grants under the Option Plan must be approved annually by the shareholders of the Company. At the Meeting, shareholders will

be asked to ratify and approve the Option Plan for continuation until the next annual general meeting of the Company.

The Option Plan is described in more detail, above, under *Statement of Executive Compensation – Share Options and Other Compensation Securities*.

### ***Shareholder Approval***

The Board is of the view that the Option Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry. Accordingly, at the Meeting, shareholders will be asked to approve the following ordinary resolution, with or without variation:

“**RESOLVED** as an ordinary resolution that the Company’s Stock Option Plan (Amended and Restated July 18, 2017), be and is hereby ratified and approved for continuation until the next annual general meeting of the Company.”

An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast on the resolution in person or by proxy. A copy of the Option Plan will be available for inspection by any shareholder at the Meeting. A copy of the Option Plan is filed under the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **The Board recommends shareholders vote in favour of ratification and approval of the Option Plan.**

In the absence of a contrary instruction, the persons named in the enclosed form of proxy intend to vote in favour of the above ordinary resolution. An ordinary resolution is a resolution passed by the shareholders of the Company at a general meeting by a simple majority of the votes cast in person or by proxy.

### **ADDITIONAL INFORMATION**

Financial information is provided in the Company’s audited financial statements for the year ended May 31, 2019, together with the related management’s discussion and analysis (the “**Financial Statements**”). The Financial Statements will be placed before the Meeting.

Additional information relating to the Company and a copy of the Financial Statements may be obtained under the Company’s profile at [www.Sedar.com](http://www.Sedar.com) or upon request from the Company at Suite 1430, 800 West Pender Street, Vancouver, British Columbia, V6C 2V6, Telephone No.: 604-638-8063 or Fax No.: 604-648-8105. The Company may require payment of a reasonable charge from any person or company who is not a securityholder of the Company, requesting 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 of the Company.

**DATED** at Vancouver, British Columbia this 6<sup>th</sup> day of December, 2019.

**BY ORDER OF THE BOARD**  
“*David Kelley*”

**David Kelley**  
**Chief Executive Officer**