

**SCORPIO GOLD CORPORATION**  
**Suite 506 - 595 Howe Street**  
**Vancouver, B.C. V7P 0B3**

**INFORMATION CIRCULAR**

(Containing information as at January 23, 2019 unless indicated otherwise)

**SOLICITATION OF PROXIES**

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by the management of Scorpio Gold Corporation (the “Company”) for use at the Annual and Special Meeting of Shareholders of the Company (and any adjournment(s) or postponement(s) thereof) to be held on Wednesday, February 27, 2019 (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

**APPOINTMENT OF PROXYHOLDER**

The individuals named in the accompanying form of proxy are Brian Lock, Director and Interim Chief Executive Officer of the Company and Janet Horbulyk, Corporate Secretary of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT THE SHAREHOLDER AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY.** A proxy will not be valid unless the completed form of proxy is received by **COMPUTERSHARE INVESTOR SERVICES INC.**, Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1 or by following the procedure for telephone or internet voting provided in the accompanying form of proxy, at least 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment(s) or postponement(s) thereof. Proxies delivered after that time will not be accepted.

**REVOCAION OF PROXIES**

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered to the registered office of the Company, at Suite 506 - 595 Howe Street, Vancouver, British Columbia, V7P 0B3 at any time up to and including the last business day preceding the day of the Meeting, or if adjourned or postponed, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned or postponed, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

**ADVICE TO BENEFICIAL SHAREHOLDERS**

**Only registered shareholders or duly appointed proxy holders are permitted to vote at the Meeting. Shareholders who do not hold their shares in their own name (referred to herein as “Beneficial Shareholders”) are advised that only proxies from shareholders of record can be recognized and voted at the Meeting.** Beneficial Shareholders who complete and return an instrument of proxy must indicate thereon the person (usually a brokerage house) who holds their shares as a registered shareholder. Every intermediary (broker) has its own mailing procedure and provides its own return instructions, which should be carefully followed. The instrument of proxy supplied to Beneficial Shareholders is identical to that provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder.

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 such 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 shares are registered under the name of CDS & Co. (the registration name for The Canadian

Depository for Securities, which company acts as nominee for many Canadian brokerage firms). Common shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting shares for their clients. The directors and officers of the Company do not know for whose benefit the common shares registered in the name of CDS & Co. are held.

In accordance with National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of Proxy to the clearing agencies and intermediaries for onward distribution to Beneficial Shareholders. Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings unless the Beneficial Shareholders have waived the right to receive meeting materials. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of the Beneficial Shareholder. Should a Beneficial Shareholder receiving such a form wish to vote at the Meeting, the Beneficial Shareholder should strike out the names of the Management Proxyholders named in the form and insert the Beneficial Shareholder's name in the blank provided. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("Broadridge"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the proxy forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of common shares to be represented at the Meeting. **A Beneficial Shareholder who receives a voting instruction form cannot use that form to vote common shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of the common shares must be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted.**

These security holder materials are being sent to both registered and non-registered owners of the Company's common shares. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

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

**The Company will not pay for intermediaries to deliver the Notice of Meeting, Information Circular and voting instruction form to objecting Beneficial Shareholders, and objecting Beneficial Shareholders will not receive the Meeting materials unless their intermediary assumes the cost of delivery.**

All references to shareholders in this Information Circular and the accompanying Form of Proxy and Notice of Meeting are to shareholders of record unless specifically stated otherwise.

#### **VOTING OF PROXIES**

SHARES REPRESENTED BY PROPERLY EXECUTED PROXIES IN FAVOUR OF PERSONS DESIGNATED IN THE ENCLOSED FORM OF PROXY WILL BE VOTED FOR ALL MATTERS TO BE VOTED ON AT THE MEETING AS SET OUT IN THIS INFORMATION CIRCULAR OR WITHHELD FROM VOTING IF SO INDICATED ON THE FORM OF PROXY.

The common shares represented by proxies will, on any poll where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made.

SUCH COMMON SHARES WILL ON A POLL BE VOTED **IN FAVOUR** OF EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED BY THE SHAREHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **VOTING SHARES AND PRINCIPAL HOLDERS**

Authorized Capital: Unlimited common shares without par value  
Issued and Outstanding: 124,948,235 common shares without par value

Only shareholders of record at the close of business on January 23, 2019 (the "Record Date") who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their common shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders, or who is holding a proxy on behalf of a shareholder who is not present at the Meeting, will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each common share registered in the shareholder's name on the list of shareholders, which is available for inspection during normal business hours at the offices of Computershare Investor Services Inc., located at 510 Burrard Street, Vancouver, British Columbia and will be available at the Meeting.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over common shares carrying more than 10% of the voting rights attached to all outstanding common shares of the Company, except the following:

<b>Name</b>	<b>No. of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly</b>	<b>Percentage of Outstanding Common Shares</b>
Sentry Investments Inc.	19,534,545	15.63%

### **ELECTION OF DIRECTORS**

The board of directors of the Company (the "Board" or "Board of Directors") presently consists of four directors and it is intended to determine the number of directors at five for the ensuing year. Shareholder approval will be sought at the Meeting to determine the number of directors at five for the ensuing year.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees, and unless otherwise instructed, the persons named in the accompanying form of proxy intend to vote for the election of each of these nominees. You can vote for all of the nominees, vote for some of the nominees and withhold for others, or withhold for all of the nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (British Columbia).

Pursuant to the Advance Notice Policy adopted by the Board on April 23, 2013, which was approved by shareholders at the annual and special meeting of the Company held on June 25, 2013 and is filed on SEDAR under the Company's profile at [www.sedar.com](http://www.sedar.com), any additional director nominees for the Meeting must have been received by the Company in compliance with the Advance Notice Policy on or before the close of business on January 25, 2019. No additional director nominations were received.

The following table and notes thereto set out the names of each person proposed to be nominated by management for election as a director, the province in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation or employment during the past five years if such nominee is not presently an elected director, the period of time for which he has been a director of the Company, and the number of common shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

<b>Name, Position, Province or State and Country of Residence<sup>(1)</sup></b>	<b>Principal Occupation and if not at Present an Elected Director, Occupation during the past 5 years</b>	<b>Previous Service as a Director</b>	<b>Number of Common Shares owned<sup>(2)</sup></b>
<b>Peter J. Hawley</b> <sup>(3) (4) (5)</sup> Chairman Quebec, Canada	Chairman of the Company.	June 11, 2009	108,140 common <sup>(6)</sup>
<b>Brian Lock</b> Interim CEO and Director British Columbia, Canada	Interim CEO of the Company and businessman and principal of Proton Management Corporation, an engineering and construction company.	June 11, 2009	1,156,000 common <sup>(7)</sup>
<b>Luc Pelchat</b> <sup>(3) (5)</sup> Director Nuevo Leon, Mexico	Businessman involved with projects in the construction industry in Mexico.	June 11, 2009	Nil common
<b>Peter Brieger</b> <sup>(3) (4) (5)</sup> Director Ontario, Canada	Chairman and Managing Director of GlobeInvest Capital Management Inc., a portfolio management firm.	July 4, 2013	1,573,400 common <sup>(8)</sup>
<b>Peter Tegart</b> Director Nominee British Columbia, Canada	Exploration Geologist; and President and Chief Executive Officer of Tesoro Minerals Corp., a mineral exploration company, since January 3, 2013.	N/A	Nil

- (1) The information as to province or state and country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to common shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Denotes member of the Audit Committee.
- (4) Denotes member of the Nomination and Corporate Governance Committee.
- (5) Denotes member of the Compensation Committee.
- (6) These common shares are held by 129043 Canada Inc., a private company controlled by Mr. Hawley.
- (7) Of these common shares, 100,000 are held by Gillian Lock the spouse of Brian Lock. Mr. Lock has control or direction over these common shares.
- (8) Of these common shares, an aggregate of 80,440 are held by Peter Brieger; 41,000 are held by Windsong Partners Inc., a private company controlled by Peter Brieger; 1,028,810 are held on behalf of National Bank Correspondent Network; 269,855 are held by clients at National Bank Correspondent Network, and 153,295 are held by Beverly Gwendolyn Hamblin, the spouse of Peter Brieger. Mr. Brieger has control or direction over these common shares.

#### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

No proposed director of the Company is, as at the date of this Information Circular, or was within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

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

No proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 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.

No proposed director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

## **STATEMENT OF EXECUTIVE COMPENSATION**

All amounts are expressed in Canadian dollars.

During the most recent fiscal year ended December 31, 2017, the Company had five Named Executive Officers.

“Named Executive Officers” and “NEOs” means:

- (a) the Chief Executive Officer (“CEO”) of the Company;
- (b) the Chief Financial Officer (“CFO”) of the Company;
- (c) each of the Company's three most highly compensated executive officers, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and the CFO, at the end of the most recently completed fiscal year and whose total compensation was, individually more than \$150,000 as determined in accordance with subsection 1.3(6) of Form 51-102F6 – Statement of Executive Compensation, for that financial year; and
- (d) any individuals who would be an NEO under paragraph (c) above, but for the fact that the individual was neither an executive officer of the Company or its subsidiaries nor acting in a similar capacity, at the end of the fiscal year.

The following table sets forth the compensation awarded, paid to or earned by the Company's Named Executive Officers during the fiscal years ended December 31, 2017, 2016 and 2015:

**SUMMARY COMPENSATION TABLE**

<b>Name and principal position</b>	<b>Year</b>	<b>Salary</b>	<b>Non-equity discretionary annual incentive Plan</b>	<b>Share-based award</b>	<b>Option - based award<sup>(1)</sup></b>	<b>All other compensation</b>	<b>Total compensation</b>
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Brian Lock <sup>(2)</sup> Interim CEO and Director	2017	265,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	265,000
	2016	55,208 <sup>(2)</sup>	Nil	Nil	8,145	23,750 <sup>(2)</sup>	87,103
	2015	Nil	Nil	Nil	2,268	85,500 <sup>(2)</sup>	87,768
Gilbert Comtois CFO	2017	215,625 <sup>(3)</sup>	Nil	Nil	Nil	10,781 <sup>(3)</sup>	226,406
	2016	225,000 <sup>(3)</sup>	Nil	Nil	8,145	11,250 <sup>(3)</sup>	244,395
	2015	225,000 <sup>(3)</sup>	Nil	Nil	12,215	11,250 <sup>(3)</sup>	248,465
Chris Zerga President	2017	259,673 <sup>(4)</sup>	Nil	Nil	Nil	12,969 <sup>(5)</sup>	272,642
	2016	265,021 <sup>(4)</sup>	Nil	Nil	13,575	13,416 <sup>(5)</sup>	292,012
	2015	265,846 <sup>(4)</sup>	Nil	Nil	12,215	12,787 <sup>(5)</sup>	290,848
David LaCount Mine Controller	2017	174,963 <sup>(4)</sup>	Nil	Nil	Nil	7,463 <sup>(5)</sup>	182,426
	2016	178,889 <sup>(4)</sup>	Nil	Nil	6,788	7,588 <sup>(5)</sup>	193,265
	2015	179,447 <sup>(4)</sup>	Nil	Nil	6,108	8,945 <sup>(5)</sup>	194,500
Alan Wilson Maintenance Manager	2017	168,788 <sup>(4)</sup>	Nil	Nil	Nil	6,645 <sup>(5)</sup>	175,433
	2016	172,186 <sup>(4)</sup>	Nil	Nil	6,788	8,715 <sup>(5)</sup>	187,689
	2015	172,547 <sup>(4)</sup>	Nil	Nil	10,179	8,404 <sup>(5)</sup>	191,130

- (1) The fair value of option-based awards is determined in accordance with IFRS 2. The Company uses the Black-Scholes model as such model is most commonly used by junior public companies to estimate fair value of stock options annually granted and is determined by multiplying the number of stock options granted by their value following this method. This value is equal to the accounting value established in accordance with IFRS and according to the following weighted average assumptions for options granted by the Company in 2016 and 2015. No stock options were granted by the Company in 2017:

	2016	2015
Expected dividend yield	Nil%	Nil%
Expected stock price volatility	91%	76%
Risk free interest rate	0.6%	1.21%
Expected life	4 years	4 years
Forfeiture rate	Nil%	Nil%

- a) All options granted to the NEO's during the period vested immediately; therefore, no forfeiture rate was included in the calculation of fair value.
- (2) Mr. Lock was appointed Interim CEO of the Company on November 1, 2016. Mr. Lock's salary is paid pursuant to an employment agreement between the Company and Mr. Lock dated effective November 1, 2016 pursuant to which he is paid an annual base salary of Cdn\$265,000 plus a bonus, if applicable, and stock options. Effective December 1, 2017, Mr. Lock agreed to defer 10% of his salary until the Company's financial situation improves. Accordingly, an aggregate of \$2,208 has been deferred from this amount as of December 31, 2017. Amounts for "All other compensation" for 2016 represents director fees. The 2015 amount includes a combination of director and consulting fees.
- (3) Mr. Comtois' salary is paid pursuant to an employment agreement between the Company and Mr. Comtois dated effective January 1, 2013. Effective August 1, 2017, Mr. Comtois agreed to temporarily reduce his salary by 10% and reduced his working hours accordingly. Mr. Comtois' salary will be adjusted back to its prior level once the financial situation of the Company improves, and at such time Mr. Comtois will resume his normal working hours. Refer to "Termination, Change of Control Benefits and Employment Contracts of NEOs" for further

information. Amounts for “All other compensation” represents matching contributions paid by the Company to Mr. Comtois’ registered retirement saving plan.

- (4) Salary was converted from United States (“US”) dollars to Canadian dollars using the exchange rate of 1.30 in 2017, 1.32 in 2016 and 1.280 in 2015, prevailing during the period during which the NEOs were paid.
- (5) Amounts for “All other compensation” represent amounts paid in lieu of vacation and were converted from US dollars to Canadian dollars using the exchange rates of 1.31, 1.38 and 1.250 prevailing during the period during which the NEO was paid in 2017, 2016 and 2015, respectively as well as payment of the Company’s contribution to the NEO’s 401(k) account which were converted from US dollars to Canadian dollars using the exchange rates of 1.30 in 2017, 1.32 in 2016 and 1.280 in 2015, respectively.

### ***Compensation Discussion and Analysis***

The Company’s executive compensation program is administered by the Compensation Committee comprised of three directors of the Board of Directors, the majority of whom are independent. The Compensation Committee has, as part of its mandate, the responsibility for reviewing recommendations from management for subsequent approval by the Board of Directors with respect to the appointment and remuneration of executive officers of the Company. The Compensation Committee also monitors the performance of the Company’s executive officers and reviews the design and competitiveness of the Company’s executive compensation plans.

### ***Composition of Compensation Committee***

The Compensation Committee is comprised of Mr. Luc Pelchat and Mr. Peter Brieger (both independent) and Mr. Peter Hawley (not independent). The Board of Directors is of the view that the members of the Compensation Committee collectively has the knowledge, skills, experience and background to make decisions on the suitability of the Company’s compensation policies and practices.

### ***Relevant Experience of the Compensation Committee***

#### **Luc Pelchat**

Mr. Pelchat has significant experience in business, human resources and financings in Canada, Mexico and Africa. Mr. Pelchat is also the founder of the Chamber of Commerce of Canada in the north of Mexico. Mr. Pelchat has over 15 years’ experience as an executive of various companies.

#### **Peter J. Hawley**

Peter J. Hawley, founder of Scorpio Mining Corporation (renamed Americas Silver Corporation), served as CEO of that company from 1998 until November 2010 and is currently Chairman and a director. He has over 30 years of mining industry experience that spans grassroots exploration through to development and production and has worked extensively with a large number of intermediate and senior mining companies including Teck, Noranda, Placer Dome and Barrick Gold. Mr. Hawley is also highly experienced in private and public company financing and corporate administration.

#### **Peter Brieger**

Mr. Brieger has over 50 years’ experience in Canadian investment business as a securities research analyst, market strategist and portfolio manager. Mr. Brieger is the co-founder of GlobeInvest Capital Management Inc. and built it into a nationally recognized portfolio management firm where he is currently Chairman and Managing Director.

### ***Executive Compensation Program***

While the Board of Directors has not adopted a written program concerning the compensation of NEOs, it has developed a consistent approach relating to executive compensation. The objective in the determination of executive compensation is the need to provide total compensation packages that will:

- ensure external competitiveness by developing and maintaining compensation levels that reflect current market rates of pay;

- promote pay-for-performance levels that reward consistently high performance levels;
- provide the Company with the resources to recruit and retain a highly capable work force; and
- establish incentives to develop and achieve performance targets that maximize the success and value of the Company to the benefit of the Company's shareholders and other stakeholders.

The Company's executive compensation program is based on a pay-for-performance philosophy. It is designed to retain, encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long-term. The Compensation Committee reviews and recommends to the Board of Directors base salaries based on a number of factors enabling the Company to compete for and retain executives critical to the Company's long term success. Incentive compensation in the form of cash bonuses is directly tied to corporate and individual performance. Share ownership opportunities through stock options are provided to align the interests of executive officers with the longer term interests of shareholders. Independent consultants may be retained on an as needed basis by the Company to assess its executive compensation program.

Compensation for the NEO's, as well as for executive officers of the Company as a whole, consists of a base salary, along with annual incentive compensation in the form of consideration for a discretionary annual bonus, and a longer term incentive in the form of grants of stock options. The Company attempts to pay competitively in the aggregate as well as deliver an appropriate balance between annual compensation (base salary and discretionary cash bonuses) and long-term compensation (stock options). The relative portions of annual compensation and long-term incentives for the CEO are intended to provide a significant portion of the executive's compensation through long-term incentives.

In determining specific compensation amounts for the NEOs, the Compensation Committee considers factors such as experience, individual performance, length of service, role in achieving corporate objectives, positive production, exploration and development results, stock price, and compensation compared to other employment opportunities for executives. As an executive officer's level of responsibility increases, a greater percentage of total compensation is based on performance (as opposed to base salary and standard employee benefits) and the mix of total compensation shifts towards annual bonuses, and in particular, stock options, thereby increasing the mutuality of interest between executive officers and shareholders. The Company does not have precise criteria or formulas to determine global remuneration of NEO's and uses its senior officers and Board of Directors' experience and knowledge of the market to do so. The Company's compensation program is designed to reward NEO's for the success of the Company in achieving its technical and financial objectives.

### ***Compensation Risk Assessment and Mitigation***

Although the Company does not have formal policies specifically targeting risk taking in a compensation context, the practice of the Compensation Committee and the Board of Directors is to consider all factors related in an executive's performance, including any risk mitigation efforts, in determining compensation.

Under the Company's policies, NEOs and directors are not permitted to purchase financial instruments, (including, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds), that are designed to hedge or offset a decrease in market value of equity securities of the Company granted as compensation or held, directly or indirectly, by the NEO or director.

The Company operates in a volatile market and the following elements of the compensation package are required to provide the motivation to NEO's and other employees and achieve retention of the Company's skilled people in such market.

### ***Base Salary***

Senior management of the Company make recommendations to the Compensation Committee, as applicable, as to base salaries for officers and employees at all levels of the Company based on assigned responsibilities, the performance of each of the officers and employees as well as the overall financial performance of the Company. The level of base salary for each employee within a specified range is determined by the level of past performance as well as by the level of responsibility, the importance of the position to the Company and market factors. The NEO's

employment contracts will be reviewed periodically and adjusted as a result of the economic situation in which the Company finds itself, subject to acceptance of the NEO's.

### ***Annual Discretionary Bonuses***

The Board of Directors determines, on a discretionary basis, incentive awards or bonuses to be paid by the Company to the executive officers of the Company, if any, in respect of a particular fiscal year, following recommendations from the Compensation Committee. The CEO makes recommendations to the Compensation Committee who determine, on a discretionary basis, bonuses to be paid by the Company to all other eligible employees and consultants of the Company in respect of a fiscal year. Corporate performance is assessed by reference to a number of factors, including the Company's progress and development, corporate and operations efficiency and success in enhancing shareholder value. Individual performance is measured by reviewing personal performance and other significant factors, such as level of responsibility and importance of the position to the Company. The individual performance factor allows the Company to recognize and reward those individuals whose efforts have particularly assisted the Company to attain its corporate performance objectives.

### ***Stock Options***

The Company has a stock option plan (the "2013 Plan") for officers, directors, employees and consultants of the Company, prepared in compliance with the policies of the TSX Venture Exchange (the "Exchange") and approved by the Company's shareholders, which is administered by the Compensation Committee. The purpose of the 2013 Plan is to improve the Company's long-term financial success by closely aligning the participants' personal interests with those of the Company's shareholders.

Subject to the provisions of the 2013 Plan, the Company may grant stock options that entitle the holders to purchase in total up to a maximum of 10% of the issued and outstanding share capital of the Company at the time the options are granted. As the Company grows, stock options provide participants with a reward for the long-term contribution of NEO's, employees and consultants towards the growth and success of the Company. The Company's practice is to grant such number of stock options in order to stay close to the authorized maximum of options outstanding by issuing incremental options every year and granting options to new NEO's or employees depending on the circumstances. Stock options help in retaining NEO's and employees during difficult economic periods when salaries and bonuses are restricted by necessity. The Compensation Committee considers such factors as individual performance, the significance of individual contribution to the success of the Company, experience and length of service in determining the amounts of options awarded. Previous grants of stock options are taken into account when stock options are granted. As of the date of this Statement of Executive Compensation, the 2013 Plan provides the Company with the ability to grant stock options to purchase up to 12,494,823 common shares (10% of common shares currently issued and outstanding) of which 6,010,000 stock options are outstanding as at June 29, 2018. During the fiscal year ended December 31, 2017, no stock options were granted by the Company to the NEOs.

The shareholders of the Company will be asked at the Meeting to ratify, confirm and approve the 2013 Plan as is required in accordance with the policies of the Exchange.

### ***Long-Term Incentive Plan Awards***

Long-term incentive plan awards ("LTIP") means "any plan providing compensation intended to serve as an incentive for performance to occur over a period longer than one fiscal year whether performance is measured by reference to financial performance of the Company or an affiliate, or the price of the Company's common shares but does not include option or stock appreciation rights plans or plans for compensation through restricted shares or units". The Company has not granted any LTIP's during the fiscal year ended December 31, 2017.

### ***Stock Appreciation Rights***

Stock appreciation rights ("SAR's") means a right, granted by an issuer or any of its subsidiaries as compensation for services rendered or in connection with office or employment, to receive a payment of cash or an issue or transfer of securities based wholly or in part on changes in the trading price of the Company's common shares. No SAR's were granted to or exercised by the Named Executive Officers or directors during the fiscal year ended December 31, 2017.

***Outstanding Share-based awards and option-based awards***

The following table sets forth information concerning all awards to NEO's outstanding as of the fiscal year ended December 31, 2017:

<b>Name</b>	<b>Number of securities underlying unexercised option<sup>(1)</sup></b>	<b>Option exercise price</b>	<b>Option expiration date<sup>(1)</sup></b>	<b>Value of unexercised in-the-money options<sup>(2)</sup></b>
	<b>(#)</b>	<b>(\$)</b>		<b>(\$)</b>
Brian Lock Interim CEO	150,000	0.085	August 30, 2021	Nil
	125,000	0.145	January 14 2020	Nil
	125,000	0.275	June 6, 2023	Nil
Gilbert Comtois CFO	150,000	0.085	August 30, 2021	Nil
	150,000	0.145	January 14, 2020	Nil
	150,000	0.275	June 6, 2023	Nil
Chris Zerga President	250,000	0.085	August 30, 2021	Nil
	150,000	0.145	January 14 2020	Nil
	150,000	0.275	June 6, 2023	Nil
David LaCount Mine Controller	125,000	0.085	August 30, 2021	Nil
	75,000	0.145	January 1, 2020	Nil
	100,000	0.275	June 6, 2023	Nil
Alan Wilson Maintenance Manager	125,000	0.085	August 30, 2021	Nil
	125,000	0.145	January 1, 2020	Nil
	125,000	0.275	June 6, 2023	Nil

(1) Stock options have fully vested.

(2) "In-the-Money Options" means the excess of the market value of the Company's common shares on December 31, 2017 over the exercise price of the options. The closing price of the Company's common shares on the Exchange on December 31, 2017 was \$0.03.

The Company has not granted any share-based awards during the fiscal year ended December 31, 2017.

***Incentive Plan Awards-Value Vested or Earned During the Year***

The following table sets out the aggregate dollar value that would have been realized by the NEOs if the stock options under the option-based awards had been exercised by the NEOs on the vesting date during the most recently completed fiscal year ended December 31, 2017:

<b>Name</b>	<b>Option-based awards-Value vested during the year<sup>(1)</sup></b>	<b>Share-based awards-Value vested during the year</b>	<b>Non-equity incentive plan compensation-Value earned during the year</b>
	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Brian Lock Interim CEO	Nil	Nil	Nil
Gilbert Comtois CFO	Nil	Nil	Nil
Chris Zerga General Manager	Nil	Nil	Nil
David LaCount Mine Controller	Nil	Nil	Nil
Alan Wilson Maintenance Manager	Nil	Nil	Nil

- (1) Represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date – that is, the difference between the market price of the underlying common shares and the option exercise price on the vesting date.

Refer to “Stock Options” for a description of the 2013 Plan.

### ***Defined Benefit or Actuarial Plan Disclosure***

The Company does not provide retirement benefits for its NEO’s other than as referred to herein.

If Gilbert Comtois as the CFO terminates his employment agreement after the CFO reaches the age of 65, the Company shall pay the CFO a retirement fee equal to six months of his then annual base salary, plus one month of his then annual base salary for each full year of service or employment or part thereof provided to the Company from and after July 1, 2009. See “Termination, Change of Control Benefits and Employment Contracts of NEOs – Gilbert Comtois” for more details.

### ***Termination, Change of Control Benefits and Employment Contracts of NEOs***

The Company has the following arrangements in respect of remuneration received or that may be received by the Named Executive Officers in the Company’s most recently completed fiscal year ended December 31, 2017 in respect of compensating such officers in the event of termination of employment (as a result of resignation, retirement, change of control, etc.) or a change in responsibilities following a change of control.

#### **Gilbert Comtois**

Pursuant to an employment agreement (the “Comtois Agreement”) between the Company and Gilbert Comtois, the CFO, dated effective January 1, 2013, the CFO received an annual base salary of \$225,000 for providing services as CFO during the fiscal year ended December 31, 2016. Due to the unfavourable economic environment, the CFO’s annual base salary was not increased during 2015 and 2016. Effective August 1, 2017, Mr. Comtois agreed to temporarily reduce his salary by 10% and reduced his working hours accordingly, until the Company’s financial situation improves. See “Summary Compensation Table”.

If the Company terminates the Comtois Agreement without cause, the Company is required to pay to the CFO an amount equal to two times his then current base salary and an amount of eight months of his benefit plan costs. If the CFO terminates the Comtois Agreement after the CFO reaches the age of 65, the Company shall pay the CFO a retirement fee equal to six months of his then annual base salary, plus one month of his then annual base salary for each full year of service or employment or part thereof provided to the Company from and after July 1, 2009.

In the event that the Company relocates its administrative office outside Val d’Or, Quebec, the CFO may resign within 30 days following the announcement of the relocation, in which event the CFO will be entitled to be paid the sum of two times his then current annual base salary and two times the aggregate bonus he was awarded within the preceding 12 months together with payment of an amount equal to six months of the CFO’s benefit plan costs. If the Company terminates the employment of the CFO within 365 days of a Change of Control (as defined in the Comtois Agreement) of the Company, the CFO shall receive the sum of two times his then-current annual base salary and two times the aggregate bonus he was awarded within the preceding 12 months, together with payment of an amount equal to eight months of the CFO’s benefit plan costs. If the CFO resigns within 120 days following a Change of Control of the Company, the CFO shall receive the sum of two times his then-current annual base salary and two times the aggregate bonus he was awarded within the preceding 12 months, together with payment of an amount equal to eight months of his benefit plan costs. If the CFO is terminated without cause or is terminated or resigns following a Change in Control, the Company will engage the CFO as a consultant for a one year period on an if, as and when required basis at daily compensation rates consistent with CFO’s compensation prior to termination or resignation with the result that CFO’s stock options will, unless otherwise exercised or terminated, continue for such one year period.

The estimated incremental payments from the Company to Mr. Comtois on (i) termination or resignation of employment following a Change of Control; (ii) termination without cause; and (iii) resignation of employment following relocation of office outside Val d’Or, Quebec, assuming the triggering event occurred on December 31, 2017, are as follows:

Termination or Resignation of Employment Following Change of Control:

Name	Base Salary Value (\$)	Bonus Value (\$)	Benefits Value (\$)	Total Estimated Incremental Payment <sup>(1)</sup> (\$)
Gilbert Comtois	450,000	Nil	4,886	454,886

- (1) These amounts do not include any salary payable or pro-rated bonus payable to the date of termination of employment. These amounts are based on Mr. Comtois' base salary and are not affected by the temporary voluntary salary reduction as set out in the Summary Compensation Table section above.

Termination of Employment without Cause:

Name	Base Salary Value (\$)	Benefits Value (\$)	Total Estimated Incremental Payment <sup>(1)</sup> (\$)
Gilbert Comtois	450,000	4,886	454,886

- (1) These amounts do not include any salary payable or pro-rated bonus payable to the date of termination of employment. These amounts are based on Mr. Comtois' base salary and are not affected by the temporary voluntary salary reduction as set out in the Summary Compensation Table section above.

Resignation of Employment following Relocation of Office:

Name	Base Salary Value (\$)	Benefits Value (\$)	Total Estimated Incremental Payment <sup>(1)</sup> (\$)
Gilbert Comtois	450,000	3,665	453,665

- (1) These amounts do not include any salary payable or pro-rated bonus payable to the date of resignation of employment. These amounts are based on Mr. Comtois' base salary and are not affected by the temporary voluntary salary reduction as set out in the Summary Compensation Table section above.

**Director Compensation**

The Company compensated its directors in their capacities as such for the financial year ended December 31, 2017. Incentive stock options may be granted to the Company's directors from time to time.

The following table discloses the particulars of the compensation provided to the directors of the Company (not including the Named Executive Officers) during the fiscal year ended December 31, 2017:

Name <sup>(1)</sup>	Fees Earned (\$)	Share- based Awards (\$)	Option- based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total (\$)
Peter J. Hawley <sup>(2)</sup>	68,871	Nil	Nil	Nil	Nil	Nil	68,871
Luc Pelchat	29,516	Nil	Nil	Nil	Nil	Nil	29,516
David Smalley <sup>(4)</sup>	27,016	Nil	Nil	Nil	Nil	7,458 <sup>(3)</sup>	34,474

Name <sup>(1)</sup>	Fees Earned	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation	Pension value	All other Compensation	Total
Andrew Lee Smith <sup>(5)</sup>	24,032	Nil	Nil	Nil	Nil	Nil	24,032
Peter Brieger	29,516	Nil	Nil	Nil	Nil	Nil	29,516
Paul Parisotto <sup>(6)</sup>	10,000	Nil	Nil	Nil	Nil	Nil	10,000

- (1) Mr Hawley, Mr Pelchat and Mr Brieger have each agreed to defer an aggregate of \$7,500 of the directors' fees payable to them during 2017 until the financial situation of the Company improves.
- (2) Mr. Hawley was paid chairman fees of \$39,355 during the fiscal year ended December 31, 2017.
- (3) This amount represents fees for legal services paid to David Smalley Law Corporation, a company owned by Mr. Smalley.
- (4) Mr. Smalley resigned as a director on December 1, 2017.
- (5) Mr. Smith resigned as a director on October 24, 2017.
- (6) Mr. Parisotto resigned as a director on May 6, 2017.

### ***Outstanding share-based awards and option based awards***

The following table sets forth information concerning all awards outstanding as of fiscal year December 31, 2017 to directors of the Company who are not NEO's. This includes awards granted in prior years.

Name	Number of Securities Underlying Unexercised Options <sup>(1)</sup>	Option Exercise Price (\$)	Option Expiration Date	Value of unexercised in-the-money Options <sup>(2)</sup> (\$)
Peter J. Hawley Chairman	250,000	0.085	August 30, 2021	Nil
	200,000	0.145	January 14, 2020	Nil
	250,000	0.275	June 6, 2023	Nil
Luc Pelchat	125,000	0.085	August 30, 2021	Nil
	125,000	0.145	January 14, 2020	Nil
	125,000	0.275	June 6, 2023	Nil
David Smalley <sup>(3)</sup>	125,000	0.085	August 30, 2021	Nil
	125,000	0.145	January 14, 2020	Nil
	125,000	0.275	June 6, 2023	Nil
Andrew Lee Smith <sup>(4)</sup>	125,000	0.085	August 30, 2021	Nil
	125,000	0.145	January 14, 2020	Nil
	125,000	0.275	June 6, 2023	Nil
Peter Brieger	125,000	0.085	August 30, 2021	Nil
	125,000	0.145	January 14, 2020	Nil
	100,000	0.205	July 9, 2018	Nil

- (1) All outstanding stock options have fully vested.
- (2) "In-the-Money Options" means the excess of the market value of the Company's common shares on December 31, 2017 over the exercise price of the Options. The closing price of the Company's common shares on the Exchange on December 31, 2017 was \$0.03.
- (3) Mr. Smalley resigned as a director on December 1, 2017.
- (4) Mr. Smith resigned as a director on October 24, 2017.

The Company has not granted any share-based awards during the fiscal year ended December 31, 2017.

### ***Incentive Plan Awards-Value Vested or Earned During the Year***

The following table sets out the aggregate dollar value that would have been realized by the directors of the Company who are not NEO's if the options under the option-based award had been exercised on the vesting date during the most recently completed fiscal year ended December 31, 2017:

<b>Name</b>	<b>Option-based awards- Value Vested during the year <sup>(1)</sup></b>	<b>Share-based awards- Value vested during the year</b>	<b>Non-equity incentive plan compensation- Value earned during the year</b>
	(\$)	(\$)	(\$)
Peter J. Hawley Chairman	Nil	Nil	Nil
Luc Pelchat	Nil	Nil	Nil
David Smalley <sup>(2)</sup>	Nil	Nil	Nil
Andrew Lee Smith <sup>(3)</sup>	Nil	Nil	Nil
Peter Brieger	Nil	Nil	Nil
Paul Parisotto <sup>(4)</sup>	Nil	Nil	Nil

- (1) Represents the aggregate dollar value that would have been realized if the options had been exercised on the vesting date – that is, the difference between the market price of the underlying common shares and the option exercise price on the vesting date.
- (2) Mr. Smalley resigned as a director on December 1, 2017.
- (3) Mr. Smith resigned as a director on October 24, 2017.
- (4) Mr. Parisotto resigned as a director on May 6, 2017.

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

Since January 1, 2017, the beginning of the Company’s last completed financial year, no current or former director, executive officer or employee of the Company, or of any of its subsidiaries, has been indebted to the Company or to any of its subsidiaries, nor has any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

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

The following table provides information regarding the number of securities authorized for issuance under the 2013 Plan as of the Company’s most recently completed financial year ended December 31, 2017:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))</b>
	(a)	(b)	(c)
Equity Compensation Plans Approved By Shareholders  (Stock Option Plan)	6,937,500	\$0.16	5,557,323
Equity Compensation Plans Not Approved By Shareholders	N/A	N/A	N/A

Refer to “Statement of Executive Compensation – Stock Options” for a brief description of the 2013 Plan. The Shareholders of the Company will be asked at the Meeting to ratify, confirm and approve the adoption of the 2013 Plan. Refer to “Particulars of Other Matters to be Acted Upon – Ratification of Stock Option Plan”.

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

Other than as set forth in this Information Circular, there are no material interests, 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 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**

Management functions of the Company are not performed, to any substantial degree, by a person or persons other than the directors or executive officers of the Company.

### **APPOINTMENT OF AUDITORS**

At the Annual General and Special Meeting of the Company held on September 18, 2017, shareholders approved the appointment of Davidson & Company LLP (“Davidson”), Chartered Professional Accountants as auditors to hold office until the next annual general meeting of shareholders, or until the firm is removed from office or resigns as provided by the Company’s Articles. At the Meeting, the shareholders of the Company will be asked to consider and approve the re-appointment of Davidson to serve as auditors of the Company until the next annual general meeting of the shareholders of the Company, or until the firm is removed from office or resigns as provided by the Company’s Articles, and to authorize the directors of the Company to fix their remuneration. Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the re-appointment of Davidson as auditors of the Company and to authorize the directors to fix their remuneration. Davidson was appointed auditors of the Company on August 30, 2017.

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

Other than as set forth in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year ended December 31, 2017, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon, other than the election of directors or the ratification of the 2013 Plan.

### **AUDIT COMMITTEE**

Under National Instrument 52-110 – Audit Committees (“NI 52-110”), companies are required to provide disclosure with respect to their audit committee including the text of the audit committee’s charter, composition of the audit committee and the fees paid to the external auditor. Accordingly, the Company provides the following disclosure with respect to its audit committee:

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

The current members of the Audit Committee and following the election of the directors pursuant to this Information Circular, the following will be the members of the Audit Committee:

Peter Brieger (Chair)	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Luc Pelchat	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Peter Hawley	Non-Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

(1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgment. Mr. Hawley is not independent as he receives fees for acting as Chairman of the Company. See “Statement of Executive Compensation – Director Compensation”.

- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

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

The Company's Audit Committee Charter is attached to this Information Circular as Schedule "A".

### **Relevant Education and Experience**

In addition to each Audit Committee member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is as follows:

#### **Peter Brieger**

Mr. Brieger has over 50 years' experience in Canadian investment business as a securities research analyst, market strategist and portfolio manager. Mr. Brieger is the co-founder of GlobeInvest Capital Management Inc., and built it into a nationally recognized portfolio management firm where he is currently Chairman and Managing Director.

#### **Luc Pelchat**

Mr. Pelchat has significant experience in business, human resources and financings in Canada, Mexico and Africa. Mr. Pelchat is also the founder of the Chamber of Commerce of Canada in the North of Mexico. Mr. Pelchat has over 15 years' experience as an executive of various companies.

#### **Peter Hawley**

Peter J. Hawley has over 30 years of mining industry experience that spans grassroots exploration through to development and production and has worked extensively with a large number of intermediate and senior mining companies including Teck, Noranda, Placer Dome and Barrick Gold. Mr. Hawley is also highly experienced in private and public company financing and corporate administration has an understanding of the accounting principles used by the Company.

Based on their business and educational experiences, each Audit Committee member has a reasonable understanding of the accounting principles used by the Company; an ability to assess the general application of such principles in connection of the accounting for estimates, accruals and reserves; experience analyzing and evaluating financial statements that present a breadth and level of complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), the exemptions in Subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), Subsection 6.1.1(5) (Events Outside Control of Member), Subsection 6.1.1(6) (Death, Incapacity or Resignation), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

### **Pre-Approval Policies and Procedures**

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the

external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve any non-audit services or additional work which the Chairman of the Audit Committee deems as necessary who will notify the other members of the Audit Committee of such non-audit or additional work.

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit and other fees are as follows:

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>
2017	\$80,000	Nil	\$38,535	Nil
2016	\$109,000	Nil	\$35,093	Nil

- (1) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit related Fees".
- (2) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (3) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

### Exemption in Section 6.1

The Company is a "Venture Issuer" as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Part 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

### CORPORATE GOVERNANCE DISCLOSURE

On June 30, 2005, National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("NI 58-101") and National Policy 58-201 - *Corporate Governance Guidelines* ("NP-58-201") came into force in every province and territory in Canada. In addition, the Company is subject to NI 52-110 which has been adopted in various Canadian provinces and territories and which prescribes certain requirements in relation to audit committees and defines the meaning of independence with respect to directors. These instruments and policies reflect current regulatory guidelines of the Canadian Securities Administrators ("CSA"). The Company's corporate governance practices are set out below.

#### Independence of Members of Board

The Board of Directors consists of four directors, two of whom are independent based upon the tests for independence set forth in NI 52-110. Peter J. Hawley is not independent as he is the Chairman of the Company. Brian Lock is not independent as the Company incurred consulting fees to Brigill Investments Ltd., a firm controlled by Brian Lock and is the current Interim CEO. Luc Pelchat and Peter Brieger are independent.

#### Management Supervision by Board

The operations of the Company do not support a large board of directors and the Board has determined that the current size and constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability, having strong independent Board members and implementing reporting mechanisms to inform the Board of management's operation of the Company. The independent directors are able to meet at any time without any members of management including the non-independent director being present.

#### Participation of Directors in Other Reporting Issuers

The participation of the directors in other reporting issuers is described in the following table.

<u>Name of Director</u>	<u>Names of Other Reporting Issuers the Director is a director of</u>
Peter J. Hawley	Americas Silver Corporation (formerly, Scorpio Mining Corporation) Defiance Silver Corp.
Brian Lock	Castle Peak Mining Ltd. San Marco Resources Inc.
Luc Pelchat	Marching Moose Capital Corp
Peter Brieger	GlobeInvest Capital Management Inc.
Peter Tegart	Tesoro Minerals Corp. Nortec Minerals Corp. Finlay Minerals Ltd.

### **Orientation and Continuing Education**

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
2. access to management and technical experts and consultants;
3. copies of all Company policies; and
4. a summary of significant corporate and securities law responsibilities.

Board members are encouraged to communicate with management, auditors, legal advisors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

### **Ethical Business Conduct**

The Board views good corporate governance as an integral component to the success of the Company and to meeting its responsibilities to shareholders. The Board has adopted a Code of Business Conduct and Ethics, as amended (the "Code"). The Code has been filed on SEDAR and is available under the Company's profile at [www.SEDAR.com](http://www.SEDAR.com).

The Audit Committee ensures that all directors, officers and employees abide by the Code. The Audit Committee has not been advised of any conduct of the directors, officers or employees of the Company that constitutes a departure from the Code.

The Code has been developed to communicate to directors, officers and employees standards for business conduct in the use of Company time, resources and assets and, to identify and clarify proper conduct in areas of potential conflict of interest. Each director, officer and employee is provided with a copy of the Code, and if requested by the Company asked to sign an acknowledgement that the standards and principles of the Code will be maintained at all times on the Company's business.

The Code is designed to deter wrongdoing and promote (a) honest and ethical conduct; (b) compliance with laws, rules and regulations; (c) prompt internal reporting of Code violations; and (d) accountability for adherence to the Code. Violations from standards established in the Code, and specifically under "Whistleblower" situations, are reported to the Chairperson of the Audit Committee and can be reported anonymously. The Chairperson of the Audit Committee will report to the Board any reported violations at least quarterly or, more frequently depending on the specifics of the reported violation. To date there have been no reported violations of the Code.

## **Nomination of Directors**

The Company has a Nomination and Corporate Governance Committee, the majority of the members which are directors independent of management, which has the responsibility for identifying potential Board candidates. The Nomination and Corporate Governance Committee assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mineral exploration industry are consulted for possible candidates. If a candidate looks promising, the Nomination and Corporate Governance Committee will conduct due diligence on the candidate and, if the results of the due diligence are satisfactory, the candidate is invited to join the Board.

## **Compensation of Directors, the Chief Executive Officer and Other Key Officers**

The Company has a Compensation Committee consisting of Peter Brieger, Luc Pelchat and Peter Hawley, the majority of whom are not officers or employees of the Company, who have the responsibility for determining compensation for the directors and senior management.

For a discussion of the factors considered by the Compensation Committee in determining the compensation payable to the Chief Executive Officer and other key officers, see "Statement of Executive Compensation".

## **Board Committees**

The Company has a Nomination and Corporate Governance Committee comprised of Peter Brieger, and Peter Hawley; an Audit Committee comprised of Peter Brieger, Luc Pelchat and Peter Hawley and a Compensation Committee comprised of Peter Brieger, Luc Pelchat and Peter Hawley. The directors are involved as required in the operations of the Company. The Board has determined that additional committees beyond the existing Audit Committee, Compensation Committee, Nomination and Corporate Governance Committee are not necessary at this stage of the Company's development. See "Statement of "Executive Compensation" and "Corporate Governance Disclosure" for further details on the reference Committees.

## **Assessments**

The Board does not consider that formal assessments of the Board, its committees and individual directors would be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual directors and each of its committees. As part of the assessments, the Board or the individual committees may review its mandate and conduct reviews of applicable corporate policies.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### ***RATIFICATION OF STOCK OPTION PLAN***

On January 11, 2013, the Board of Directors approved the adoption of the 2013 Plan, which is a 10% rolling stock option plan that was approved by the shareholders of the Company and the Exchange. Pursuant to the policies of the Exchange, a rolling stock option plan must receive shareholder approval yearly at each annual general meeting.

The material terms of the 2013 Plan are as follows:

The 2013 Plan is administered by the Board of Directors or a committee thereof, which has full and final authority with respect to the granting of all stock options thereunder. A number of stock options equal to 10% of the outstanding common shares of the Company from time to time is available to be granted pursuant to the 2013 Plan to such directors, officers, employees or consultants of the Company and its subsidiaries, if any, as the Board of Directors or a committee thereof may from time to time designate.

For so long as the Company is listed on the Exchange, the number of common shares of the Company which may be reserved in any 12 month period for issuance to any one individual upon exercise of all options held by that individual may not exceed 5% of the issued and outstanding common shares of the Company, unless the Company has obtained disinterested shareholder approval, and the number of common shares which may be reserved in any 12 month period

for issuance to any one employee or consultant engaged in investor relations activities may not exceed 2% of the issued and outstanding common shares of the Company. The 2013 Plan provides that, for so long as the Company is listed on the Exchange, stock options issued to consultants performing investor relations activities will vest in stages over 12 months with no more than ¼ of the stock options vesting in any three month period. If the Company's common shares are in the future listed on the Toronto Stock Exchange, the number of common shares issuable to all insiders, at any time, under all share compensation arrangements of the Company cannot exceed 10% of the number of common shares that are outstanding immediately prior to the share issuance (the "Outstanding Issue"), and the number of common shares issued to insiders as a group, pursuant to the exercise of options granted under the 2013 Plan and all other share compensation arrangements, in any 12 month period, cannot exceed 10% of the Outstanding Issue.

The exercise price of any stock options is determined by the Board of Directors or a committee thereof; however, the exercise price of stock options may not be less than the market value of the Company's common shares at the time the stock option is granted. "Market Value" will generally be the closing trading price of the Company's common shares on the Exchange or such other stock exchange upon which the common shares are listed on the trading day immediately preceding the date of the grant of the stock option. The term of any stock option is determined by the Board of Directors or a committee thereof at the time of grant but, subject to earlier termination in the event of dismissal for cause, termination other than for cause or in the event of death or disability, the term of any options granted under the 2013 Plan may not exceed ten years for so long as the Company is listed on the Exchange. The expiry date of outstanding stock options which would expire during a black-out period, or within 10 business days after the expiry of a black-out, will be extended for a period of time ending on the tenth (10<sup>th</sup>) business day after the expiry date of the black-out to provide an extension to the right to exercise such stock options; provided, however, that for so long as the Company is listed on the Exchange, the expiry date must not exceed the date which is ten years from the date of grant of such stock option. If desired by the Board of Directors or a committee thereof, stock options may be subject to vesting. In certain cases, the rules and policies of the Exchange require mandatory vesting.

Stock options are not transferable or assignable other than by will or other testamentary instrument or pursuant to laws of succession. Subject to certain exceptions, in the event that a director or officer ceases to hold office other than by reason of death or disability, stock options granted to such director or officer will expire 90 days after such director or officer ceases to hold office. However, the stock options shall terminate immediately on the date the optionee ceases to be a director of the Company as a result of: (a) ceasing to meet the qualifications set forth in the Act; (b) a special resolution passed by the shareholders of the Company removing the optionee as a director of the Company; or (c) by order of any securities regulatory body having jurisdiction to so order. Subject to certain exceptions, in the event that an employee or consultant of the Company ceases to act in that capacity other than by reason of death or disability, stock options granted to such employee or consultant will expire 90 days after such individual or entity ceases to act in that capacity. Stock options granted to optionees engaged in investor relations activities will expire 30 days after such optionees cease to perform such investor relations activities other than by reason of death or disability. In the event of death of an option holder or termination as a result of such option holder's disability, such option holder's stock options will expire on the earlier of the expiry date of such stock options and one year from the date of the death of the option holder or of the date of termination as a result of disability, as the case may be.

The Board of Directors or a committee thereof may, at any time, without further approval by the shareholders of the Company or the consent of the affected option holders, amend the 2013 Plan or any option granted thereunder to:

- (i) amend typographical, clerical and grammatical errors;
- (ii) reflect changes to applicable securities laws;
- (iii) include the addition of a cashless exercise feature, payable in cash or securities;
- (iv) ensure that the stock options granted under the 2013 Plan will comply with any provisions respecting the income tax and other laws in force in any country or jurisdiction of which an option holder to whom a stock option has been granted may from time to time be resident or a citizen; and
- (v) reduce the exercise price or extend the term of a stock option for an option holder who is not an insider of the Company.

The full text of the 2013 Plan is available upon request to the Corporate Secretary of the Company at the registered office of the Company.

In accordance with the rules and policies of the Exchange, the 2013 Plan must be approved by the shareholders of the Company annually. The approval of shareholders of the Company means the affirmative vote of a majority of the votes cast at the Meeting.

Accordingly, shareholders of the Company will be asked at the Meeting to ratify, confirm and approve the 2013 Plan by passing the following ordinary resolution, which requires an affirmative vote of a majority of the votes cast by shareholders at the Meeting:

“RESOLVED AS AN ORDINARY RESOLUTION that:

1. the adoption of the 2013 stock option plan (the “2013 Plan”), which provides for the Company to grant such number of stock options as is equal to 10% of the issued and outstanding common shares of the Company at the date of grant and conforms to the policies of the TSX Venture Exchange, as more particularly described in the Information Circular of the Company dated January 23, 2019, be ratified, confirmed and approved;
2. the Company be authorized to abandon or terminate all or any part of the 2013 Plan if the Board of Directors of the Company deems it appropriate and in the best interests of the Company to do so, subject to the approval of the TSX Venture Exchange; and
3. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings as may be required to give effect to the true intent of these resolutions.”

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

#### ***APPROVAL OF SHARE CONSOLIDATION***

Subject to the approval of the Shareholders and the Exchange, the Company proposes to consolidate its issued and outstanding common share capital on a two to one basis (the “Consolidation”). No fractional Shares shall be issued in connection with the Consolidation. Where the Consolidation would otherwise result in a shareholder of the Company being entitled to a fractional Share, the number of post-Consolidation Shares issued to such shareholder shall be rounded up to the next greater whole number of Shares if the fractional entitlement is equal to or greater than 0.5 and shall be rounded down to the next lesser whole number of Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Shares held by a beneficial holder shall be aggregated.

The Consolidation is being completed in connection with a non-brokered private placement offering (the “Private Placement”) of secured convertible debentures (each, a “Debenture”) to be issued by the Company for gross proceeds of up to US\$6,000,000. The Company intends to use the net proceeds from the Private Placement for the Buyout (as defined below) and for general working capital purposes.

Each Debenture will have an issue price of US\$1,000, a term of three years from the date of issuance and will bear interest at a rate of 10% per annum, payable semi-annually, which, subject to regulatory approval, may be paid in common shares of the Company (“Shares”) at the option of the Company or the holder of the Debenture. The Debentures will be secured by a security interest subordinate to all existing and future senior indebtedness of Company.

Each Debenture is convertible into Shares at the option of the holder at any time prior to maturity at a conversion price of US\$0.08 per Share (the “Conversion Price”), which is equivalent to 12,500 Shares for each US\$1,000 principal amount of Debentures, subject to adjustment in certain circumstances. The Company will have the option on maturity, subject to regulatory approval, to repay any portion of the principal amount of the Debentures in cash or by issuing and delivering to

the holders of the Debentures the number of Shares equal to the principal amount of the Debenture divided by the Conversion Price.

The closing of the Private Placement is subject to certain conditions including, but not limited to, the acceptance of the Exchange, the completion of the Consolidation, and the concurrent completion of the Buyout (as defined below). The Debentures and Shares issuable upon the conversion thereof will be subject to a four month hold period from the date of issuance of the Debentures in accordance with applicable securities laws and, if required, the policies of the Exchange.

The Company intends to use US\$3,000,000 of the proceeds of the Private Placement to fund (i) the settlement of the loan advanced from Waterton Precious Metals Fund II Cayman, LP (the "Lender") to Scorpio Gold, pursuant to the terms of a senior secured credit agreement among the Company, its subsidiaries and the Lender, which was originally announced in the Company's press release dated August 17, 2015 (the "Credit Facility"), (ii) the termination of a gold and silver supply agreement dated May 18, 2011 among the Company, Scorpio Gold (US) Corporation ("Scorpio Gold US"), Mineral Ridge Gold, LLC ("Mineral Ridge Gold") and an affiliate of the Lender; and (iii) the purchase of the 30% membership interest of Elevon LLC ("Elevon") in Mineral Ridge Gold (which holds the Mineral Ridge Project) and the termination of an operating agreement dated March 10, 2010 between Scorpio Gold US and Elevon (collectively, the "Buyout"). Scorpio Gold has entered into a non-binding letter of intent with the Lender in connection with the Buyout, and intends to enter into definitive agreements with the Lender and its affiliates in connection with the Buyout on or prior to the closing of the Private Placement. The Company intends to close the Private Placement and the Buyout on or about March 4, 2019.

**The Company cautions that the letter of intent in respect of the Buyout is not legally binding, and completion of the Private Placement and the Buyout are subject to a number of conditions, including the negotiation and execution of definitive binding agreements.**

The Consolidation requires approval by way of a special resolution of the Shareholders, being a resolution passed by not less than 3/4 of the votes of the Shareholders represented in person or by proxy at the Meeting. The Shareholders will be asked to consider and, if deemed appropriate, approve a special resolution substantially in the following form:

"RESOLVED, AS A SPECIAL RESOLUTION, that:

1. subject to regulatory approval, the Company consolidate all of its outstanding common shares (the "Shares") without par value on the basis of two (2) existing Shares without par value for one (1) new Share without par value, or such other ratio as the Board of Directors may determine, and on such date as may be established by the TSX Venture Exchange and the Company;
2. no fractional Shares shall be issued in connection with the Consolidation. Where the Consolidation would otherwise result in a shareholder of the Company being entitled to a fractional Share, the number of post-Consolidation Shares issued to such shareholder shall be rounded up to the next greater whole number of Shares if the fractional entitlement is equal to or greater than 0.5 and shall be rounded down to the next lesser whole number of Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Shares held by a beneficial holder shall be aggregated;
3. the Consolidation is to be effected by further resolution of the Board of Directors;
4. the Company be authorized to abandon or terminate all or any part of the Consolidation if the Board of Directors deems it appropriate and in the best interests of the Company to do so; and
5. any one or more of the directors and officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings as may be required to give effect to the true intent of this resolution."

**The Board recommends that Shareholders vote in favour of the Consolidation. Accordingly, in the absence of any instructions to the contrary, the common shares in respect of which the persons named in the enclosed form of proxy are appointed will be voted FOR the approval of the Consolidation.**

**OTHER BUSINESS**

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the form of the Proxy to vote the shares represented in accordance with their best judgment on the matter.

**ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the SEDAR website located at [www.sedar.com](http://www.sedar.com). The Company's financial information is provided in the Company's audited comparative financial statements and related management discussion and analysis for its most recently completed financial year and any subsequent interim financial statements and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting Janet Horbulyk, Corporate Secretary, at Suite 511 - 475 Howe Street, Vancouver, British Columbia, V6C 2B3 (Phone: (604) 678-9639).

DATED at Vancouver, British Columbia this 30th day of January, 2019.

The Board of Directors of the Company have approved the content and sending of this Management Information Circular.

*"Brian Lock"*

Brian Lock, Interim Chief Executive Officer

**Schedule "A"**

**AUDIT COMMITTEE CHARTER**

*(Adopted by the Board of Directors on December 1, 2009)*

**A. PURPOSE**

The overall purpose of the Audit Committee (the "Committee") is to ensure that the Corporation's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information.

**B. COMPOSITION, PROCEDURES AND ORGANIZATION**

1. The Committee shall consist of at least three members of the Board of Directors (the "Board").
2. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
3. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair and a secretary from among their number.
4. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
5. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
6. Meetings of the Committee shall be conducted as follows:
  - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
  - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee; and
  - (c) management representatives may be invited to attend all meetings except private sessions with the external auditors.
7. The internal auditors and the external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

**C. ROLES AND RESPONSIBILITIES**

1. The overall duties and responsibilities of the Committee shall be as follows:

- (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices and internal controls and its approval of the Corporation's annual and quarterly consolidated financial statements and related financial disclosure;
  - (b) to establish and maintain a direct line of communication with the Corporation's internal and external auditors and assess their performance;
  - (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls; and
  - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:
- (a) to recommend to the Board a firm of external auditors to be engaged by the Corporation, and to verify the independence of such external auditors;
  - (b) to review and approve the fee, scope and timing of the audit and other related services rendered by the external auditors;
  - (c) review the audit plan of the external auditors prior to the commencement of the audit;
  - (d) to review with the external auditors, upon completion of their audit:
    - (i) contents of their report;
    - (ii) scope and quality of the audit work performed;
    - (iii) adequacy of the Corporation's financial and auditing personnel;
    - (iv) co-operation received from the Corporation's personnel during the audit;
    - (v) internal resources used;
    - (vi) significant transactions outside of the normal business of the Corporation;
    - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
    - (viii) the non-audit services provided by the external auditors;
  - (e) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles; and
  - (f) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.
3. The duties and responsibilities of the Committee as they relate to the Corporation's internal auditors are to:
- (a) periodically review the internal audit function with respect to the organization, staffing and effectiveness of the internal audit department;
  - (b) review and approve the internal audit plan; and
  - (c) review significant internal audit findings and recommendations, and management's response thereto.

4. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation are to:
  - (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to internal auditing, insurance, accounting, information services and systems and financial controls, management reporting and risk management;
  - (b) review compliance under the Corporation's business conduct and ethics policies and to periodically review these policies and recommend to the Board changes which the Committee may deem appropriate;
  - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
  - (d) periodically review the Corporation's financial and auditing procedures and the extent to which recommendations made by the internal audit staff or by the external auditors have been implemented.
  
5. The Committee is also charged with the responsibility to:
  - (a) review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
  - (b) review and approve the financial sections of:
    - (i) the annual report to shareholders;
    - (ii) the annual information form;
    - (iii) annual and interim MD&A;
    - (iv) prospectuses;
    - (v) news releases discussing financial results of the Corporation; and
    - (vi) other public reports of a financial nature requiring approval by the Board, and report to the Board with respect thereto;
  - (c) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
  - (d) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (e) review and report on the integrity of the Corporation's consolidated financial statements;
  - (f) review the minutes of any audit committee meeting of subsidiary companies;
  - (g) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements;

- (h) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
- (i) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board of Directors following each annual general meeting of shareholders.