

LITHOQUEST DIAMONDS INC.

**Annual General Meeting
to be held on January 9, 2020**

**Notice of Annual General Meeting
and
Information Circular**

December 5, 2019

LITHOQUEST DIAMONDS INC.
1100 – 1111 Melville Street,
Vancouver, BC V6E 3V6

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

NOTICE IS HEREBY GIVEN that an annual general and special meeting (the “**Meeting**”) of the shareholders of Lithoquest Diamonds Inc. (the “**Company**”) will be held at Suite 2500 Park Place, 666 Burrard Street, Vancouver, British Columbia, on Thursday, January 9, 2020, at 11:00 a.m. (Vancouver Time). At the Meeting, the shareholders will receive the financial statements of the Company for the year ended March 31, 2019, together with the auditor’s reports thereon, and consider resolutions to:

1. fix the number of directors at three;
2. elect directors for the ensuing year;
3. appoint Manning Elliott LLP, Chartered Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor;
4. to seek approval, as required by the policies of the TSX Venture Exchange, for the continuation of our Stock Option Plan, which reserves the number of common shares issuable pursuant to options granted under the Plan at a "rolling" maximum of 10% of the issued and outstanding shares at the time of any grant; and
5. transact such other business as may properly be put before the Meeting.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Trust Company of Canada (“**Computershare**”). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by 11:00 a.m. (Vancouver Time) on January 7, 2020 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on December 5, 2019 will be entitled to vote at the Meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 5th day of December, 2019.

ON BEHALF OF THE BOARD

"Bruce Counts"

Bruce Counts

President and Chief Executive Officer

LITHOQUEST DIAMONDS INC.

1100 – 1111 Melville Street,
Vancouver, BC V6E 3V6

INFORMATION CIRCULAR

(as at December 5, 2019 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management (the “**Management**”) of Lithoquest Diamonds Inc. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general and special meeting of the shareholders of the Company (the “**Shareholders**”) to be held on Thursday, January 9, 2020 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and/or officers of the Company. **A registered Shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Trust Company of Canada (“**Computershare**”) by 11:00 a.m. (Vancouver Time) on January 7, 2020, or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a Shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by Proxy in the form provided to Shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered Shareholder appointing him. If there is no direction by the registered Shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditor as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting,

or any other matters which may properly come before the Meeting. At the time of printing of this Circular, the Management knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.

Advice to Beneficial Holders of Shares

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold common shares (the “Common Shares”) in the capital of the Company in their own name. Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in the capital of the Company in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those Common Shares will, in all likelihood, not be registered in the Shareholder’s name. 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 CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such shares are registered under the name of Cede & Co. (the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms). Shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the Proxy provided directly to registered Shareholders by the Company. However, its purpose is limited to instructing the registered Shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs 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 Broadridge VIF cannot use that form to vote Common Shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of Common Shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who

do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding common shares on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF. Computershare will tabulate the results of the VIFs received from the Company’s NOBOs and will provide appropriate instructions at the Meeting with respect to the common shares represented by the VIFs they receive.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents, then, in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Common Shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 11:00 a.m. (Vancouver Time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the registered Shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to Shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered Shareholders of the Company as set forth on the list of registered Shareholders of the Company as maintained by the registrar and transfer agent of the Company, Computershare, unless specifically stated otherwise.

FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended March 31, 2019 and related management’s discussion and analysis, together with the auditor’s reports on those statements will be presented to the Shareholders at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the close of business on December 5, 2019, the Company's authorized capital consists of an unlimited number of Common Shares without par value of which 55,848,547 Common Shares are issued and outstanding. All Common Shares in the capital of the Company carry the right to one vote.

Shareholders registered as at December 5, 2019, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following person beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding Common Shares of the Company:

Shareholder	Number of Common Shares	Percentage of Issued Capital
Warren Irwin ⁽¹⁾	8,210,000 common shares	14.7%

- (1) Warren Irwin acts an investment advisor or portfolio manager for each of Rosseau Fund, G10 Rosseau Special Situations Master Fund, G10 – Global Asset Management Ltd. and Rosseau Limited Partnership and as such exercises control and/or direction over the securities held by such entities.

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the Shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. Shareholders will be asked at the Meeting to pass an ordinary resolution to fix the number of directors for the ensuing year at three.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of Common Shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years	Served as director since	Number of Common Shares beneficially owned or controlled or directed, directly or indirectly, at present ⁽¹⁾
Bruce Counts ⁽²⁾ British Columbia, Canada <i>President, Chief Executive Officer and Director</i>	President and Chief Executive Officer of Lithoquest Diamonds Inc. (11/2017 to present); Professional Geoscientist; Consultant, Stonefish Capital Inc.	November 23, 2017	3,980,000

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation for last five years	Served as director since	Number of Common Shares beneficially owned or controlled or directed, directly or indirectly, at present ⁽¹⁾
Angela Austman ⁽²⁾⁽³⁾ British Columbia, Canada <i>Director</i>	Partner, Lawson Lundell LLP (02/2015 to present) Partner, McCullough O'Connor Irwin LLP (01/2011 to 02/2015).	November 23, 2017	100,000
Lon Shaver ⁽²⁾⁽³⁾ British Columbia, Canada <i>Director</i>	Vice President, Silvercorp Metals Inc. (08/2018 to present) Principal, Brighton Corporate Advisors Inc. (05/2016 to present) Investment Banker, Raymond James Ltd. (04/2005 to 05/2016).	November 23, 2017	Nil

Notes:

- (1) The information as to Common Shares beneficially owned or controlled has been provided by the directors themselves.
- (2) Member of the Company's Audit Committee.
- (3) Member of the Company's Compensation and Nominating Committee.

The Company does not have an executive committee of its Board of Directors (the "**Board**").

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, no director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar 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; or
- (c) 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.

Individual Bankruptcies

No director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency,

or been 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 that individual.

Penalties or Sanctions

Except as disclosed below, none of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

On January 31, 2011, the British Columbia Securities Commission (the "BCSC") issued an order against Bruce Counts requiring that he cease all trading in the securities of Indicator Metals Inc., a company to which he was an insider, for failure to file insider reports. On February 1, 2011 the BCSC revoked the order upon Mr. Counts' filing all necessary insider reports.

DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

The following information is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation - Venture Issuers*. For the purposes of this Circular:

“CEO” of the Company means each individual who acted as Chief Executive Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year.

“CFO” of the Company means each individual who acted as Chief Financial Officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year.

“NEO” or “named executive officer” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, 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) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

As at March 31, 2019, the Company had two NEOs, being Bruce Counts, the President and CEO and Dwight Walker, the CFO and Corporate Secretary and four directors, being Bruce Counts, Angela Austman, Lon Shaver and Gerald Prosalendis.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company and its subsidiaries, excluding compensation securities, to each NEO and director, in any capacity, for the years ended March 31, 2019 and 2018.

Table of Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (1) (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Bruce Counts <i>President, CEO and Director</i> ⁽²⁾⁽³⁾	2019	\$180,000	Nil	Nil	Nil	Nil	\$180,000
	2018	\$162,000 ⁽⁴⁾	Nil	Nil	Nil	Nil	\$162,000
Dwight Walker <i>CFO and Corporate Secretary</i> ⁽²⁾	2019	\$72,000	Nil	Nil	Nil	Nil	\$72,000
	2018	\$44,000	Nil	Nil	Nil	Nil	\$44,000
Angela Austman <i>Director</i> ⁽²⁾	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Lon Shaver <i>Director</i> ⁽²⁾	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Gerald Prosalendis <i>Director</i> ⁽²⁾	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Richard Silas <i>Former Interim President, Interim CEO, Corporate Secretary and Director</i> ⁽⁵⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	\$25,000	Nil	Nil	Nil	Nil	\$25,000
Michael Waldkirch <i>Former CFO</i> ⁽⁶⁾	2019	N/A	N/A	N/A	N/A	N/A	N/A
	2018	\$18,900	Nil	Nil	Nil	Nil	\$18,900

Notes:

- (1) Includes, if applicable, housing allowances, education, utilities, wellness subsidies and cash pension benefits.
- (2) Appointed on November 23, 2017.
- (3) The compensation stated is for Mr. Counts' services as President and CEO. No separate compensation was paid for his role as a Director.
- (4) Includes amounts paid to Mr. Counts by Holdings prior to completion of the Reverse Take Over Transaction on November 23, 2017.
- (5) Mr. Silas was appointed President and CEO of the Company on October 11, 2016 and Mr. Silas resigned as President and CEO of the Company on October 21, 2016. Mr. Silas was appointed Interim President and Interim CEO of the Company on November 11, 2016. Mr. Silas resigned as Interim President, Interim CEO, Chairman and Corporate Secretary on November 23, 2017.
- (6) Resigned on November 23, 2017.

Stock Option and Other Compensation Securities

The following table sets out all compensation securities granted or issued to each NEO and director by the Company and its subsidiaries for services provided or to be provided, directly or indirectly, to the Company during the Company's most recently completed financial year ended March 31, 2019.

Compensation Securities							
Name and Position	Type of Compensation Security	Number of Compensation Securities, Number of Underlying Securities, and Percentage of Class	Date of Issue or Grant	Issue, Conversion or Exercise Price (\$)	Closing Price of Security or Underlying Security on Date of Grant (\$)	Closing Price of Security or Underlying Security at Year End (\$)	Expiry Date
Bruce Counts ⁽¹⁾ <i>President, CEO and Director</i>	Stock Options	120,000 Options representing 120,000 underlying Common Shares 0.26% ⁽²⁾	Dec 17, 2018	\$0.16	\$0.16	\$0.105	Dec 17, 2023
Dwight Walker ⁽³⁾ <i>CFO and Corporate Secretary</i>	Stock Options	100,000 Options representing 100,000 underlying Common Shares 0.22% ⁽²⁾	Dec 17, 2018	\$0.16	\$0.16	\$0.105	Dec 17, 2023
Angela Austman ⁽⁴⁾ <i>Director</i>	Stock Options	120,000 Options representing 120,000 underlying Common Shares 0.26% ⁽²⁾	Dec 17, 2018	\$0.16	\$0.16	\$0.105	Dec 17, 2023
Lon Shaver ⁽⁵⁾ <i>Director</i>	Stock Options	120,000 Options representing 120,000 underlying Common Shares 0.26% ⁽²⁾	Dec 17, 2018	\$0.16	\$0.16	\$0.105	Dec 17, 2023
Gerald Prosalendis ⁽⁶⁾ <i>Director</i>	Stock Options	120,000 Options Representing 120,000 underlying Common Shares 0.26% ⁽²⁾	Dec 17, 2018	\$0.16	\$0.16	\$0.105	Dec 17, 2023

Notes:

- (1) As of the last day of the most recently completed financial year end, Mr. Counts held 545,000 options, representing an equal number of underlying Common Shares. These options vested on the date of grant.
- (2) Represents the percentage of the issued and outstanding Common Shares of the Company as at March 31, 2019.
- (3) As of the last day of the most recently completed financial year end, Mr. Walker held 400,000 options, representing an equal number of underlying Common Shares. These options vest on the date of grant.
- (4) As of the last day of the most recently completed financial year end, Ms. Austman held 495,000 options, representing an equal number of underlying Common Shares. These options vest on the date of grant.
- (5) As of the last day of the most recently completed financial year end, Mr. Shaver held 495,000 options, representing an equal number of underlying Common Shares. These options vest on the date of grant.
- (6) As of the last day of the most recently completed financial year end, Mr. Prosalendis held 470,000 options, representing an equal number of underlying Common Shares. These options vest on the date of grant.

Exercise of Compensation Securities by NEOs and Directors

No director or NEO exercised any compensation securities, being solely comprised of stock options, during the year ended March 31, 2019.

Stock Option Plans and Other Incentive Plans

The Company has in place a “rolling” stock option plan (the “**Plan**”) that allows the Company to issue up to a maximum of 10% of the Company’s issued and outstanding Common Shares at any given time. The shareholders of the Company approved the Plan on November 15, 2018. In accordance with TSX Venture Exchange (the “**Exchange**”) policies, a plan with a rolling 10% maximum must be confirmed by shareholders of the Company at each annual general meeting.

The purpose of the Plan is to provide an incentive to the directors, officers, employees, and consultants to continue their involvement with the Company and to increase their efforts on the Company’s behalf by allowing the Company to grant options to directors, officers, employees and consultants as additional compensation and as an opportunity to participate in the growth of the Company. The granting of such options is intended to align the interests of such persons with that of the Company and is common industry practice.

Options are exercisable over periods of up to five years as determined by the Board and are required to have an exercise price which, as determined by the Board in its sole discretion, shall not be less than the closing price of the Company’s Common Shares traded through the facilities of the Exchange on the date preceding the date of grant, or if the Common Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The maximum number of Common Shares which may be issued pursuant to options previously granted and those granted under the Plan is 10% of the issued and outstanding Common Shares of the Company at the time of grant. In addition, the number of Common Shares which may be reserved for issuance to any one individual may not exceed 5% of the issued Common Shares on a yearly basis or not more than 2% of the issued Common Shares on a yearly basis if granted to any one consultant or to persons employed or engaged in investor relations activities.

Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of Common Shares in respect of the expired or terminated option shall again be available for the purposes of the Plan.

Options are subject to vesting at the discretion of the Board. The Plan provides that if a change of control, as defined therein, occurs, all Common Shares subject to options shall immediately become vested and may thereupon be exercised in whole or in part by the option holder.

Any options granted pursuant to the Plan will terminate within 90 days of the option holder ceasing to act as a director, officer, employee or consultant of the Company unless such cessation is on account of death. If such cessation is on account of death, the options terminate on the earlier of one year of the option holder’s death and the expiration date of the options. Upon retirement, stock options will become fully vested and will terminate on the expiration date of the options. Any options granted to option holders performing investor relations services will terminate within 30 days of termination.

The NEOs and directors are, under the terms of the Company’s Corporate Disclosure Policy and Securities Trading Policy, prohibited from engaging in short term or speculative transactions involving the Company’s securities, including short sales or transactions involving derivatives in securities of the Company.

The Board proposes to seek annual approval of the Plan at its upcoming Annual General Meeting, as required by the policies of the TSX Venture Exchange, subject to regulatory approval.

Employment, Consulting and Management Agreements

Pursuant to an employment agreement between Bruce Counts and the Company dated May 29, 2018 (the “**Counts Employment Agreement**”), Mr. Counts agreed to be employed as the President and Chief Executive Officer of the Company in exchange for a base salary of \$180,000 (the “**Base Salary**”), and is eligible to participate in any bonus plans offered by the Company to its executives.

Pursuant to a consulting agreement between Dwight Walker and the Company dated May 29, 2018 (the “**Walker Consulting Agreement**”), Mr. Walker agreed to be employed as the Corporate Secretary and Chief Financial Officer of the Company in exchange for a base fee of \$6,000 per month (the “**Base Fee**”), exclusive of GST, and is eligible to participate in any bonus plans offered by the Company to its executives.

The following table outlines the benefits Messrs. Counts and Walker were entitled to in the event of termination or resignation, per their services agreements in the year ended March 31, 2019:

Name and Principal Position	Termination and Termination or Resignation within 12 Months of Change of Control.
Bruce Counts ⁽¹⁾ <i>President, CEO and a Director</i>	Should the Company terminate Mr. Counts for any reason other than for just cause, the Company will pay to Mr. Counts an amount equal to two times the Base Salary, plus any incentive stock options then owed and health and insurance benefits for a period of 12 months from the date of termination. Should Mr. Counts elect to terminate the Counts Employment Agreement within 120 days of a Change of Control (as such term is defined in the Counts Employment Agreement), the Company will pay to Mr. Counts an amount equal to two times the Base Salary, plus any incentive stock options then owed and health and insurance benefits for a period of 12 months from the date of termination.
Dwight Walker ⁽¹⁾ <i>CFO and Corporate Secretary</i>	Should the Company terminate Mr. Walker for any reason other than for just cause, the Company will pay to Mr. Walker the Base Fee multiplied by the number of months remaining in the term of the Walker Consulting Agreement, plus any incentive stock options then owed. Should Mr. Walker elect to terminate the Walker Consulting Agreement within 30 days of a Change of Control (as such term is defined in the Walker Consulting Agreement), the Company will pay to Mr. Walker an amount equal to 12 times the Base Fee.

Notes:

- (1) Entitled to exercise any vested incentive stock options as at the date of termination for a period of 90 days following that date. Any unvested options will automatically vest on the date of termination.

Other than as set forth elsewhere in this Circular, the Company has not entered into any other agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries, that were performed by a director or NEO, or performed by any other party, but are services typically performed by a director or NEO.

Oversight and Description of Director and NEO Compensation

The Board has a compensation and nominating committee (the “**Compensation and Nominating Committee**”) which is responsible for determining the overall compensation strategy of the Company, administering the Company’s executive compensation program, making recommendations to the Board regarding compensation including incentive and equity-based compensation, reviewing and approving corporate goals and objectives relevant to the CEO, for proposals for the compensation of the executive officers, management and directors, for evaluations of performance to determine compensation, for employee benefit and retirement plans and all other matters related to compensation. The Compensation and Nominating Committee is also responsible for reviewing the Company’s compensation policies and guidelines generally.

During the year ended March 31, 2019, the Compensation and Nominating Committee was composed of three members, being Angela Austman (Chair), Lon Shaver and Gerald Prosalendis.

Objectives of Compensation Program

It is the objective of the executive compensation program to attract and retain highly qualified and experienced individuals to serve as executive officers and to align incentive compensation to performance and shareholder value. It is the goal of the Compensation and Nominating Committee to endeavour to ensure that the compensation of executive officers is sufficiently competitive to achieve the objectives of the executive compensation program. The Compensation and Nominating Committee gives consideration to the Company’s long-term interests and quantitative financial objectives, as well to the qualitative aspects of the individual’s performance and achievements.

Role of Executive Officers in Compensation Decisions

The Compensation and Nominating Committee receives and reviews recommendations of the CEO relating to the general compensation structure and policies and programs for the Company and the salary and benefit levels for the executive officers.

Elements of Compensation

The executive compensation program is comprised of three principal components: base salaries, cash bonuses and incentive stock options which are designed to provide a combination of cash and equity-based compensation to effectively retain and motivate the executive officers to achieve the corporate goals and objectives. These elements contain both short-term incentives comprised of cash payments by way of base salaries and bonuses and long-term incentives by way of equity-based compensation. Other components of the executive compensation program include perquisites and other personal benefits. Each component of the executive compensation program is addressed separately below.

The amount for each element of the Company’s executive compensation program is determined based upon compensation levels provided by the Company’s competitors as well as upon the discretion of the Board, as described below. Each element of the Company’s executive compensation program contributes to an overall compensation package, which is designed to provide both short-term and long-term financial incentives to the executive officers and to thereby assist the Company to successfully implement its strategic plans. The Board annually assesses how each element fits into the overall compensation package.

Base Salaries

Salaries for executive officers are reviewed annually based on corporate and personal performance and on individual levels of responsibility and are set to be competitive with industry levels. Salaries of the executive officers are not determined based on benchmarks or a specific formula. Consideration is given to compensation packages that may be available to such executive officers from other employment opportunities and commercially available data on salaries disclosed by competitors and peers. The Compensation and Nominating Committee submits its recommendation to the Board as to salary of the CEO. The Compensation and Nominating Committee considers, and, if thought appropriate, also submits to the Board recommendations for salaries for the other executive officers based on those salaries recommended by the CEO. As stated above, base salaries are established to be competitive in order to attract and retain highly qualified and experienced individuals.

Performance Pay and Goals

The Board exercises its discretion, upon recommendations received from the Compensation and Nominating Committee, regarding the payment of performance pay based upon employee merit and the payment thereof, if any, is determined by the Board. In making these decisions and in exercising this discretion, the Board recognizes extraordinary efforts made to enhance the value of the Company's asset base and any extraordinary success that has been achieved in implementing the Company's business plans as a result of such efforts, including significant production and reserve additions. The Company's compensation program provides for the payment of performance pay based on a specific formula. No performance pay amounts were paid in the 12 months ended March 31, 2019.

Stock Option Plan

The Compensation and Nominating Committee also administers the Company's Plan that is designed to provide a long-term incentive that is aligned with shareholder value. The Compensation and Nominating Committee makes recommendations to the Board regarding the number of the stock options to be granted to each executive officer, based on the level of responsibility and experience of the individual, the performance of the individual and the number of the stock options previously granted to the individual. The Compensation and Nominating Committee regularly reviews and where appropriate, adjusts the number of the options granted to executive officers. The Compensation and Nominating Committee sets the number of options, as appropriate, designed to attract and retain qualified and talented executive officers.

Perquisites and Other Components

Other components of compensation include perquisites and personal benefits as determined by the Compensation and Nominating Committee and recommended to the Board that are consistent with the overall compensation strategy. There is no specific formula or benchmarks for assessing how perquisites or personal benefits are utilized in the total compensation package.

Risks of Compensation Policies and Practices

The Board and the Compensation and Nominating Committee have not formally considered the implications of the risks associated with the Company’s compensation policies and practices. However, the Company does not believe that the Company’s executive compensation program encourages its executive officers to take inappropriate or excessive risks. This assessment is based on a number of considerations including, without limitation, the following: (i) the Company’s compensation policies and practices are uniform throughout the Company and there are no significant differences in compensation structure among the executive officers; (ii) the overall compensation program is market-based and aligned with the Company’s business plan and long-term strategies; (iii) the compensation package for NEOs consists of fixed (base salary and benefits and perquisites) and variable elements (bonuses and options) which are designed to balance short term goals and the long-term interests of the Company and are aimed at creating sustainable value for the Company’s Shareholders. The performance elements are linked to the achievement of the Company’s business goals and are reviewed annually by the Compensation and Nominating Committee; and (iv) in exercising its discretion under option grants, the Compensation and Nominating Committee reviews individual and corporate performance, taking into account the long-term interests of the Company.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, as at the end of the most recently completed financial year:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by the securityholders	4,400,000 ⁽¹⁾	\$0.28	206,854
Equity compensation plans not approved by the securityholders	Nil	Nil	Nil
Total	4,400,000		206,854

Note:

(1) This amount represents the grant of 2,500,000 options issued at an exercise price of \$0.27, 500,000 options issued at an exercise price of \$0.40, 200,000 options issued at an exercise price of \$0.56, 160,000 options issued at an exercise price of \$0.60, and 1,040,000 options issued at an exercise price of \$0.16.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

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

Other than as disclosed in this Circular, no director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors and the confirmation of the Company's Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Circular, none of the persons who were directors or executive officers of the Company or a subsidiary, at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or corporation who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

APPOINTMENT OF AUDITOR

At the Meeting, Shareholders will be asked to pass a resolution appointing Manning Elliott LLP, Chartered Professional Accountants ("**Manning**"), of 1700 - 1030 West Georgia Street, Vancouver BC V6E 2Y3, to hold office until the next annual meeting of Shareholders and authorizing the Board to fix the remuneration to be paid to Manning. Manning has been the auditor for the Company since the completion of the RTO.

Proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the appointment of Manning, as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the Board.

ANNUAL APPROVAL OF STOCK OPTION PLAN

Shareholders will be asked at the meeting to give annual approval, as required by the policies of the TSX Venture Exchange (the "**Exchange**"), for the continuation of our Stock Option Plan (the "**Plan**"), which is a rolling 10% plan that sets the number of common shares issuable under the Plan at a maximum of 10% of the issued and outstanding common shares of the Company, from time to time, at the time of grants of options (subject to certain restrictions as described below). Our Board of Directors adopted the Plan on September 18, 2018, and the Company's shareholders initially approved the Plan at the annual general and special meeting of shareholders held on November 15, 2018, subsequent to which the Plan received final Exchange approval.

As of the date of this Circular, the Company has 55,848,547 common shares outstanding, 10% of which provides for a reserve of 5,584,854 common shares for issuance pursuant to options granted under the Plan. As of the date of this Circular, incentive stock options to purchase an aggregate 4,400,000 common shares of the Company are outstanding, having been granted by the Board of Directors to officers, directors, and consultants of the Company, and options entitling the purchase of a further 1,184,854 common shares remain available for grant under the Plan.

See also information herein under sections titled *Director and Named Executive Officer Compensation* and *Equity Compensation Plan Information*.

Summary of the Stock Option Plan

The Plan is consistent with the requirements of the Exchange and provides as follows:

- (a) the maximum aggregate number of common shares that can be issued pursuant to the exercise of options granted under the Plan, is 5,584,854 common shares of the Company, being 10% of the Company's current issued and outstanding share capital (on a non-diluted basis);
- (b) stock options granted under the Plan will have an expiry date not to exceed ten years from the date of grant;
- (c) any stock options granted that expire or terminate for any reason without having been exercised will again be available under the Plan;
- (d) stock options will vest as required by the Exchange and as may be determined by the administrator of the Plan, or in the absence of such body, the Board;
- (e) the minimum exercise price of any stock options issued under the Plan will be determined by the Board at the time of grant, subject to the requirements of the Exchange;
- (f) stock options granted will expire 90 days after an optionee ceases to be involved with the Company, or for any options granted to an individual providing investor relations services, 30 days after the optionee ceases to be involved with the Company;
- (g) the Board is authorized to grant to insiders, within a 12 month period, that number of stock options under the Plan not exceeding 10% of the Company's then issued and outstanding share capital;
- (h) the Company cannot grant options to any one consultant in any 12 month period which could, when exercised, result in the issuance of shares exceeding 2% of the issued and outstanding common shares of the Company;
- (i) the Company cannot grant options in any 12 month period to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of common shares exceeding, in aggregate, 2% of the issued and outstanding shares of the Company and options issued to consultants performing investor relations activities must vest in stages over 12 months with no more than 1/4 of the options vested in any three month period;
- (j) in connection with the exercise of an option, as a condition to such exercise the Company may require the optionee to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local laws relating to the withholding of tax or other required deductions relating to the exercise of such Option; and
- (k) if a change of control, as described in the Plan, occurs, all unvested options shall immediately become vested and may thereon be exercised in whole or in part by the option holder, subject to any required approval by the Exchange.

MANAGEMENT CONTRACTS

Other than as disclosed elsewhere in this Circular, no Management functions of the Company are to any substantial degree performed by a person or corporation other than the directors or NEOs of the Company.

AUDIT COMMITTEE

The Company is required to have an audit committee (the “**Audit Committee**”) comprised of three directors, the majority of whom are not executive officers or employees of the Company or an affiliate of the Company.

Audit Committee Charter

The text of the Audit Committee’s charter is attached as Schedule “A” to this Circular.

Composition of Audit Committee and Independence

The Company’s Audit Committee consists of Lon Shaver (Chair), Angela Austman and Bruce Counts.

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) provides that 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 Company’s Board, reasonably interfere with the exercise of the member’s independent judgment. Lon Shaver and Angela Austman are “independent” as that term is defined.

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. All of the members of the Audit Committee are “financially literate” as that term is defined. The following sets out the Audit Committee members’ education and experience, that is relevant to the performance of his responsibilities as an Audit Committee member.

Relevant Education and Experience

Lon Shaver is a chartered financial analyst with over 25 years of capital markets and corporate experience, mostly focused on the Canadian mining sector. He currently holds the position of Vice President with Silvercorp Metals Inc., with responsibility for corporate development and investor relations activities. He has held roles as an investment banker with Raymond James and Merrill Lynch, where he completed numerous financing and M&A mandates, as well as a mining analyst with an institutional sell-side firm. Mr. Shaver’s prior corporate experience includes CFO roles with a publicly-listed diamond exploration company and a private technology company.

Angela Austman has 16 years’ experience advising publicly-traded mineral exploration companies on matters of corporate governance, finance and securities law. She is a Partner at Lawson Lundell LLP in Vancouver, B.C. Ms. Austman received her LLB from the University of British Columbia and is called to the Bar in British Columbia, Yukon, Northwest Territories and Nunavut.

Bruce Counts has over 25 years’ experience in international diamond exploration and more than 16 as a director and senior officer of publicly traded mineral exploration companies. Bruce holds a Bachelor of

Applied Science in Geological Engineering from the University of British Columbia and is a registered Professional Geoscientist.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance on Certain Exemptions

During the Company's most recently completed financial year, the Company relied on the exemption in section 2.4 (De Minimis Non-Audit Services) of NI 52-110, which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company.

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (De Minimis Non-Audit Services) of NI 52-110, which exempts all non-audit services provided by the Company's auditor from the requirement to be pre-approved by the Audit Committee if such services are less than 5% of the auditor's annual fees charged to the Company;
- (b) the exemption in subsection 6.1.1(4) (Circumstances Affecting the Business or Operations of the Venture Issuer) of NI 52-110;
- (c) the exemption in subsection 6.1.1(5) (Events Outside Control of Member) of NI 52-110;
- (d) the exemption in subsection 6.1.1(6) (Death, Incapacity or Resignation) of NI 52-110; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Policies and Procedures

The Audit Committee has adopted a policy that the Company shall not engage the current auditor for any non-audit or non-audit related services. Any exceptions to this policy must be pre-approved by the Audit Committee.

Audit Fees

The following table sets forth the fees paid by the Company and its subsidiaries to Manning, during the Company's last completed financial year and the prior year ended March 31, 2018:

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
	(\$)	(\$)
Audit fees ⁽¹⁾	<u>19,000</u>	<u>11,000</u>
Audit related fees ^{(2),(5)}	<u>-</u>	<u>13,500</u>
Tax fees ⁽³⁾	<u>4,500</u>	<u>4,500</u>
All other fees ⁽⁴⁾	<u>-</u>	<u>6,850</u>
Total	<u>\$23,500</u>	<u>\$35,850</u>

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audit related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above, including a review of the Company's interim financial statements included in the filing statement (the "**Filing Statement**") prepared in connection with the RTO.
- (3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax due diligence, compliance, and tax advice.
- (4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor other than "Audit fees", "Audit related fees" and "Tax fees" above, including assistance in preparation and review of the Filing Statement as well as consultation regarding the Company's stock option plan.
- (5) This amount includes \$9,000 paid to Davidson to review the Filing Statement prepared in connection with the RTO.

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 Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201 - *Corporate Governance Guidelines*. These Guidelines are not prescriptive, but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

Board of Directors

Management is nominating three individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the Board of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. Of the current members of the Board, Angela Austman and Lon Shaver are considered “independent” within the meaning of NI 52-110 and Bruce Counts is considered not to be independent. Mr. Counts is not considered to be independent, due to his role as the President and CEO of the Company.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO. The Board will give direction and guidance through the CEO to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the Shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee and Compensation and Nominating Committee and the chairperson of each committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO and CFO of the Company and establishes the duties and responsibilities of those positions and, on the recommendation of the CEO, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet regularly, but not less than once each quarter, to review the business operations, corporate governance and financial results of the Company. Regularly scheduled meetings of the Board will also include meetings of the independent members of the Board without management being present, as determined necessary and appropriate. The Board will also meet at any other time at the call of the Chairman, or subject to the Articles of the Company, of any director. To facilitate open and candid discussion among its independent directors, such directors are encouraged to communicate with each other directly to discuss ongoing issues pertaining to the Company.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia) (the “**Act**”), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

Directorships

The following directors of the Company are also directors of other reporting issuers as stated:

Name of Director	Name of Other Reporting Issuer(s)
Bruce Counts	N/A
Angela Austman	N/A
Lon Shaver	Precipitate Gold Corp.

Orientation and Continuing Education

The Board's practice is to recruit for the Board only persons with extensive experience in the mineral exploration and mining industry, and in public company matters. Prospective new Board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company's affairs and plans, prior to obtaining their consent to act as a director.

Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation.

Ethical Business Conduct

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations, and the small number of officers and consultants, allow the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

In accordance with applicable corporate law, any director who is in a position of conflict must refrain from voting on any resolution of the Board with respect to the conflict. The Board may also require the director to excuse himself or herself from deliberations of the Board, or may alternatively refer the matter for consideration by a committee of independent directors of the Board.

Compensation and Nominating Committee

The Compensation and Nominating Committee is a committee appointed by the Board which is comprised of two directors, each of whom are independent. The Compensation and Nominating Committee assists the Board in identifying new candidates for Board nomination, makes recommendations to the Board with respect to membership on committees of the Board, other than the Compensation and Nominating Committee, assists the Board in setting director and senior executive compensation, develops and submits to the Board, recommendations with respect to other employee benefits as it sees fit, and assists the Board with respect to providing continuing education programs for directors.

Members of the Compensation and Nominating Committee shall be appointed or reappointed at the meeting of the Board following the Company's annual general meeting and from among the appointees to the Compensation and Nominating Committee, the Board shall appoint a chairperson (the "**Compensation and Nominating Committee Chairperson**"). The duties of the Compensation and Nominating Committee Chairperson include overseeing the proper functioning of the Compensation and Nominating Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Compensation and Nominating Committee will meet as often as may be necessary or appropriate in its judgment.

In exercising its mandate, the Compensation and Nominating Committee sets the standards for the compensation of directors, employees and officers based on industry data and with the goal to attract, retain and motivate key persons to ensure the long-term success of the Company. Compensation generally includes the three following components: base salary, annual bonus based on performance and grant of stock options. The Compensation and Nominating Committee takes into account the increased competition in the market for its key personnel while also taking into account the performance and objectives set forth for the Company. The Compensation and Nominating Committee annually assesses the contribution and effectiveness of each director, with particular reference to any applicable position description as well as the competencies and characteristics each director is expected to bring to the Board and at the request of a director, will consider and, if deemed advisable, authorize the retaining by any director of an outside advisor for such director at the expense of the Company.

The Compensation and Nominating Committee is accountable to the Board and reports to the Board, at its next regular meeting, all deliberations and actions it has taken since any previous report. Minutes of Compensation and Nominating Committee meetings will be available for review by any member of the Board on request to the Compensation and Nominating Committee Chairperson.

The members of the Compensation and Nominating Committee are Angela Austman (Chair) and Lon Shaver.

Corporate Disclosure Policy and Securities Trading Policy

In 2015, the Company adopted a corporate disclosure policy and a securities trading policy which, together, are designed to raise the general level of awareness of (i) corporate information, including public regulatory filings, financing statements, press releases, management discussion and analysis, prospectuses, annual reports, annual information forms, information circulars, material change reports and all other information of a material nature having to do with the business of the Company; and (ii) the trading and confidentiality obligations of employees, officers and directors of the Company.

Assessments

The Compensation and Nominating Committee is responsible for overseeing and evaluating the Board, the committees of the Board, and the contribution of individual directors. The Compensation and Nominating Committee is obliged to prepare an annual performance evaluation of the Board, which report compares the performance of the Board with the requirements of its written mandate and will assess the contribution of each director. The performance evaluations undertaken by the Compensation and Nominating Committee will be conducted in such manner as the members thereof deem appropriate.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with

respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided in the Company's comparative annual financial statements to March 31, 2019, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at www.sedar.com. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, attention: Dwight Walker, by telephone at 416-567-2785 or by email at dwalker@lithoquest.com.

BOARD APPROVAL

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 5th day of December, 2019.

ON BEHALF OF THE BOARD

"Bruce Counts"

Bruce Counts

President and Chief Executive Officer

LITHOQUEST DIAMONDS INC.

SCHEDULE "A"
AUDIT COMMITTEE CHARTER

(see attached)

LITHOQUEST DIAMONDS INC.

AUDIT COMMITTEE CHARTER

1. MANDATE

1.1 The primary function of the audit committee (the “Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- (a) serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements;
- (b) review and appraise the performance of the Company’s external auditors; and
- (c) provide an open avenue of communication among the Company’s auditors, financial and senior management and the Board.

2. COMPOSITION

2.1 The Committee will be composed of three directors from the Board, the majority of whom are not employees or senior officers of the Company or an affiliate of the Company

2.2 At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company’s Audit Committee Charter, the definition of “financially literate” is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

2.3 The members of the Committee shall be appointed by the Board at its first meeting and at each annual shareholders’ meeting. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by a majority vote of the Committee.

3. MEETINGS

3.1 The Committee shall meet a least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer of the Company and the external auditors in separate sessions.

4. RESPONSIBILITIES AND DUTIES

4.1 To fulfill its responsibilities and duties, the Committee shall:

- (a) review and update this Charter annually;

- (b) review the Company's financial statements, MD&A, any annual and interim earnings and press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors;
- (c) review annually, the performance of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;
- (d) obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1;
- (e) review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors;
- (f) take, or recommend that the full Board take, appropriate action to oversee the independence of the external auditors;
- (g) recommend to the Board the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval;
- (h) at each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- (i) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company;
- (j) review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements; and
- (k) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

5. FINANCIAL REPORTING PROCESSES

- 5.1 In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- 5.2 Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- 5.3 Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- 5.4 Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- 5.5 Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- 5.6 Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- 5.7 Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- 5.8 Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- 5.9 Review certification process.
- 5.10 Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.