

## FIRST MEXICAN GOLD CORP.

Suite 1000, 355 Burrard Street  
Vancouver, British Columbia V6C 2G8

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

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the "**Meeting**") of shareholders of **First Mexican Gold Corp.** (the "**Company**") will be held on **Monday, December 16, 2019**, at the hour of 10:30 a.m. (Pacific Standard time), at the office of K MacInnes Law Group at Suite 1100, 736 Granville Street, Vancouver, British Columbia V6Z 1G3 for the following purposes:

1. to receive and consider the audited consolidated financial statements of the Company for the years ended December 31, 2017 and December 31, 2018 and the respective report of the auditors thereon;
2. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution fixing the number of directors of the Company at three;
3. to fix the number of directors at three and to thereafter elect the directors of the Company;
4. to confirm the appointment by the directors of the Company of, and to appoint, the auditors of the Company and to authorize the directors of the Company to fix their remuneration;
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution approving and adopting a new stock option plan of the Company, as more fully described in the accompanying management information circular;
6. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution of the disinterested shareholders of the Company authorising the Company to make an application to voluntarily delist the common shares of the Company from the TSX Venture Exchange ("**TSXV**"), as more fully described in the accompanying management information circular;
7. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution of the disinterested shareholders of the Company approving the issue of securities of the Company on a private placement basis to Irwin Professional Corporation ("**IPC**") which will result in IPC becoming a new "Control Person" (as such term is defined in the TSXV Corporate Finance Manual) of the Company, as more fully described in the accompanying management information circular;
8. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to effect the consolidation of all of the issued and outstanding common shares of the Company on the basis of up to twenty (20) old common shares for one (1) new common share, as more fully described in the accompanying management information circular; and
9. to transact such other business as may properly come before the Meeting or any adjournments or postponements thereof.

A shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his or her duly executed form of proxy with the Company's transfer agent and registrar, Computershare Trust Company of Canada, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1 not later than 10:30 a.m. (Pacific Standard time) on Thursday, December 12, 2019 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned meeting.

Shareholders who are unable to attend the Meeting in person, are requested to date, complete, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The board of directors of the Company has by resolution fixed the close of business on Friday, November 8, 2019 as the record date, being the date for the determination of the registered holders of common shares of the Company

entitled to receive notice of, and to vote at, the Meeting and any adjournment thereof.

The accompanying management information circular provides additional detailed information relating to the matters to be dealt with at the Meeting and is supplemental to, and expressly made a part of, this notice of annual general and special meeting. Additional information about the Company and its consolidated financial statements are also available on the Company's profile at [www.sedar.com](http://www.sedar.com).

**DATED** at Toronto, Ontario this 14<sup>th</sup> day of November, 2019.

**BY ORDER OF THE BOARD**

*"Jessica Whitton" (signed)*  
Interim Chief Executive Officer

## FIRST MEXICAN GOLD CORP.

Suite 1000, 355 Burrard Street  
Vancouver, British Columbia V6C 2G8

### MANAGEMENT INFORMATION CIRCULAR

As at November 14, 2019

### SOLICITATION OF PROXIES

**THIS MANAGEMENT INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF FIRST MEXICAN GOLD CORP.** (the "**Company**") of proxies to be used at the annual general and special meeting of shareholders of the Company to be held on Monday, December 16, 2019 at Suite 1100, 736 Granville Street, Vancouver, British Columbia V6Z 1G3 at 10 :30 a.m. (Pacific Standard time), and at any adjournment or postponement thereof (the "**Meeting**") for the purposes set out in the accompanying notice of meeting (the "**Notice**"). Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), arrangements have been made with brokerage houses and clearing agencies, custodians, nominees, fiduciaries or other intermediaries to send the Notice, this management information circular ("**Circular**"), the annual consolidated financial statements of the Company for the financial years ended December 31, 2017 and December 31, 2018 and related management's discussion and analysis and other meeting materials, if applicable (collectively the "**Meeting Materials**") to the beneficial owners of the common shares of the Company (the "**Common Shares**") held of record by such parties. The Company may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of proxies will be borne by the Company. The Company may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Company in favour of the matters set forth in the Notice.

### APPOINTMENT AND REVOCATION OF PROXIES

A holder of Common Shares who appears on the records maintained by the Company's registrar and transfer agent as a registered holder of Common Shares (each a "**Registered Shareholder**") may vote in person at the Meeting or may appoint another person to represent such Registered Shareholder as proxy and to vote the Common Shares of such Registered Shareholder at the Meeting. In order to appoint another person as proxy, a Registered Shareholder must complete, execute and deliver the form of proxy accompanying this Circular, or another proper form of proxy, in the manner specified in the Notice.

The purpose of a form of proxy is to designate persons who will vote on the shareholder's behalf in accordance with the instructions given by the shareholder in the form of proxy. The persons named in the enclosed form of proxy are officers or directors of the Company. **A REGISTERED SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY, TO REPRESENT HIM, HER OR IT AT THE MEETING MAY DO SO BY FILLING IN THE NAME OF SUCH PERSON IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.** A Registered Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must, in all cases, deposit the completed form of proxy with the transfer agent and registrar of the Company, Computershare Trust Company of Canada, (the "**Transfer Agent**") not later than 10:30 a.m. (Pacific Standard time) on Thursday, December 12, 2019 or, if the Meeting is adjourned, not later than 48 hours, excluding Saturdays, Sundays and holidays, preceding the time of such adjourned Meeting at which the form of proxy is to be used. A form of proxy should be executed by the Registered Shareholder or his or her attorney duly authorized in writing or, if the Registered Shareholder is a corporation, by an officer or attorney thereof duly authorized.

Proxies may be deposited with the Transfer Agent using one of the following methods:

<b>By Mail or Hand Delivery:</b>	Computershare Trust Company of Canada 8th Floor, 100 University Avenue Toronto, Ontario M5J 2Y1
<b>By Telephone</b>	1-866-732-8683 (toll free within North America) 312-588-4290 – outside North America You will need to provide your 15-digit control number (located on the form of proxy accompanying this Circular)
<b>By Internet:</b>	<a href="http://www.investorvote.com">www.investorvote.com</a> <a href="#">You will need to provide your 15-digit control number (located on the form of proxy accompanying this Circular)</a>

A Registered Shareholder attending the Meeting has the right to vote in person and, if he or she does so, his or her form of proxy is nullified with respect to the matters such person votes upon at the Meeting and any subsequent matters thereafter to be voted upon at the Meeting or any adjournment thereof.

A Registered Shareholder who has given a form of proxy may revoke the form of proxy at any time prior to using it: (a) by depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature or, if the Registered Shareholder is a corporation, by an authorized officer or attorney thereof at, or by transmitting by telephone or electronic means, a revocation signed, subject to the provisions of the *Business Corporations Act* (British Columbia), to (i) the office of the Company, located at Suite 1000, 355 Burrard Street, Vancouver, British Columbia V6C 2G8, at any time prior to 5:00 p.m. (Pacific Standard time) on the last business day preceding the day of the Meeting or any adjournment thereof or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (b) in any other manner permitted by law.

### EXERCISE OF DISCRETION BY PROXIES

The Common Shares represented by proxies in favour of management nominees will be voted or withheld from voting in accordance with the instructions of the Registered Shareholder on any ballot that may be called for and, if a Registered Shareholder specifies a choice with respect to any matter to be acted upon at the meeting, the Common Shares represented by the proxy shall be voted accordingly. Where no choice is specified, the proxy will confer discretionary authority and will be voted for the election of directors, for the appointment of auditors and the authorization of the directors to fix their remuneration and for each item of special business, as stated elsewhere in this Circular.

The enclosed form of proxy also confers discretionary authority upon the persons named therein to vote with respect to any amendments or variations to the matters identified in the Notice and with respect to other matters which may properly come before the Meeting in such manner as such nominee in his judgment may determine. At the time of printing this Circular, the management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

### ADVICE TO NON-REGISTERED SHAREHOLDERS

**The information set forth in this section is of significant importance to many shareholders of the Company, as a substantial number of shareholders of the Company do not hold Common Shares in their own name.** Only Registered Shareholders or the persons they appoint as their proxies are permitted to attend and vote at the Meeting and only forms of proxy deposited by Registered Shareholders will be recognized and acted upon at the Meeting. Common Shares beneficially owned by a beneficial holder of Common Shares who does not appear on the records maintained by the Company's registrar and transfer agent as a registered holder of Common Shares (each a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary (an "**Intermediary**") with whom the Non-Registered Holder deals in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc.) (each a "**Clearing Agency**") of which the Intermediary is a participant. Accordingly, such Intermediaries and Clearing

Agencies would be the Registered Shareholders and would appear as such on the list maintained by the Transfer Agent. Non-Registered Holders do not appear on the list of the Registered Shareholders maintained by the Transfer Agent.

#### ***Distribution of Meeting Materials to Non-Registered Holders***

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Meeting Materials to the Clearing Agencies and Intermediaries for onward distribution to Non-Registered Holders as well as directly to NOBOs (as defined below).

Non-Registered Holders 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 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 to such NOBOs. If you are a NOBO and the Company or its agent has sent the Meeting 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.

The Company's OBOs can expect to be contacted by their Intermediary. The Company does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs and it is the responsibility of such Intermediaries to ensure delivery of the Meeting Materials to their OBOs.

#### ***Voting by Non-Registered Holders***

The Common Shares held by Non-Registered Holders can only be voted or withheld from voting at the direction of the Non-Registered Holder. Without specific instructions, Intermediaries or Clearing Agencies are prohibited from voting Common Shares on behalf of Non-Registered Holders. Therefore, each Non-Registered Holder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.

The various Intermediaries have their own mailing procedures and provide their own return instructions to Non-Registered Holders, which should be carefully followed by Non-Registered Holders in order to ensure that their Common Shares are voted at the Meeting.

Non-Registered Holders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the Common Shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

*Voting Instruction Form.* In most cases, a Non-Registered Holder will receive, as part of the Meeting Materials, a voting instruction form (a "**VIF**"). If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the VIF must be completed, signed and returned in accordance with the directions on the form.

or,

*Form of Proxy.* Less frequently, a Non-Registered Holder will receive, as part of the Meeting Materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the Non-Registered Holder's behalf), the Non-Registered Holder must complete and sign the form of proxy and in accordance with the directions on the form.

#### ***Voting by Non-Registered Holders at the Meeting***

Although a Non-Registered Holder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of an Intermediary or a Clearing Agency, a Non-Registered Holder may attend the Meeting as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-

Registered Holder and vote such Common Shares as a proxyholder. A Non-Registered Holder who wishes to attend the Meeting and to vote their Common Shares as proxyholder for the Registered Shareholder who holds Common Shares beneficially owned by such Non-Registered Holder, should (a) if they received a VIF, follow the directions indicated on the VIF; or (b) if they received a form of proxy strike out the names of the persons named in the form of proxy and insert the Non-Registered Holder's or its nominees name in the blank space provided. Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those instructions regarding when and where the VIF or the form of proxy is to be delivered.

All references to shareholders in the Meeting Materials are to Registered Shareholders as set forth on the list of registered shareholders of the Company as maintained by the Transfer Agent, unless specifically stated otherwise.

## **BACKGROUND TO THE MEETING**

The last annual general meeting of the shareholders of the Company was held on June 27, 2017. On September 16, 2019, the Company was granted an order from the Supreme Court of British Columbia authorizing and directing the Company to combine the 2017 and 2018 annual general meetings of the shareholders of the Company with its current annual general and special meeting of the shareholders to be called, held and conducted in British Columbia on or before December 16, 2019.

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

The authorized share capital of the Company consists of an unlimited number of Common Shares without par value. As of November 8, 2019 (the "**Record Date**"), there were an aggregate of 15,151,637 Common Shares issued and outstanding. Each Common Share outstanding on the Record Date carries the right to one vote at the Meeting.

Only Registered Shareholders as of the Record Date are entitled to receive notice of, and to attend and vote at, the Meeting or any adjournment or postponement of the Meeting. On a show of hands, every Registered Shareholder and proxy holder will have one vote and, on a poll, every Registered Shareholder present in person or represented by proxy will have one vote for each Common Share held.

To the knowledge of the Company's directors and executive officers, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Common Shares carrying more than 10% of the voting rights attached to the outstanding Common Shares, other than as set forth below:

Name	Number of Shares	Percentage
Irwin Professional Corporation	3,000,000	19.80%

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

Other than as otherwise disclosed in this Circular, no director or executive officer of the Company who was a director or executive officer at any time since the beginning of the Company's last financial year, or any associate or affiliates of any such directors or officers, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

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

To the knowledge of the board of directors of the Company (the "**Board**"), the matters to be brought before the Meeting are those matters set forth in the accompanying Notice.

### **1. PRESENTATION OF FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Company for the years ended December 31, 2017 and December 31, 2018 and the respective report of the auditors thereon will be placed before the shareholders at the Meeting. No vote will be taken on the consolidated financial statements. The consolidated financial statements and additional

information concerning the Company are available under the Company's profile at [www.sedar.com](http://www.sedar.com).

## 2. FIX NUMBER OF DIRECTORS AND ELECTION OF DIRECTORS

The size of the Board is currently set at three. The Board proposes that the number of directors remain at three. At the Meeting, shareholders will be asked to approve an ordinary resolution that the number of directors elected be fixed at three. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia), each director elected will hold office until the conclusion of the next annual general meeting of the shareholders, or if no director is then elected, until a successor is elected.

The persons named below will be presented for election at the Meeting as management's nominees. Each director elected at the Meeting will hold office until the next annual general meeting of the shareholders of the Company or until his or her successor is elected or appointed, unless his or her office is earlier vacated in accordance with the articles of the Company or the provisions of the *Business Corporations Act* (British Columbia).

The following table states the names of the persons nominated by management for election as directors, any offices with the Company currently held by them, their principal occupations or employment, the period or periods of service as directors of the Company and the approximate number of voting securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised as of the date hereof.

Name, province or state and country of residence and position, if any, held in the Company	Principal Occupation	Served as Director of the Company since	Number of Common Shares beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>	Percentage of Voting Shares Owned or Controlled
Daniel Nauth <sup>(2)</sup> Toronto, Ontario Director	Principal of Nauth LPC, a law firm	October 23, 2019	nil	nil
Kelly Malcolm <sup>(2)</sup> Toronto, Ontario Director	President, Chief Executive Officer and Director of Generic Gold Corp., a mineral exploration company  Interim Chief Executive Officer and Director of Northern Sphere Mining Corp., a mineral exploration company  VP Exploration of Amex Exploration Inc., a mineral exploration company	October 23, 2019	nil	nil
Arvin Ramos <sup>(2)</sup> Toronto, Ontario Director	Self-employed, CPA	October 23, 2019	nil	nil

Notes:

- (1) The information as to voting securities beneficially owned, controlled or directed, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- (2) Member of the Audit Committee.

The principal occupations during the past five years of the director nominees not previously elected by the shareholders of the Company are as follows:

*Daniel Nauth*

Mr. Nauth practices U.S. securities and corporate law and advises both public and private issuers on U.S.-Canada

cross border capital markets, M&A and corporate/securities transactions and regulatory compliance. Mr. Nauth holds a J.D. from Queen's University and a Bachelor of Arts (Hons.) from York University. Mr. Nauth is licensed to practice law in the State of New York. Mr. Nauth is a licensed Foreign Legal Consultant in the Province of Ontario. Mr. Nauth has extensive advisory experience in a range of industries, including mining and oil/gas, emerging biopharmaceutical and medical devices, medicinal cannabis, cryptocurrencies and blockchain technology.

*Kelly Malcolm*

Mr. Malcolm is a professional geologist with extensive experience focused on precious and base metal exploration. He specializes in the integration and interpretation of geological, geochemical and geophysical data to guide exploration and development activities. Mr. Malcolm has worked in the mineral exploration industry for several junior explorers and mid-tier producers and has acted as director, advisor, or management for several public and private mineral exploration companies. He also acts as an advisor to several Toronto-based finance firms. Mr. Malcolm holds a Bachelor of Science Honours in geology and a Bachelor of Arts in economics, both from Laurentian University.

*Arvin Ramos*

Mr. Ramos holds a degree in commerce and is a member of the Chartered Professional Accountants of Ontario. Mr. Ramos has over 17 years of business experience, having supported a broad range of industries, including mining, technology and banking. Mr. Ramos serves as chief financial officer of several junior mining companies.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR FIXING THE NUMBER OF DIRECTORS AT THREE AND FOR THE ELECTION OF THE ABOVE-NAMED NOMINEES, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Management has no reason to believe that any of the nominees will be unable to serve as a director but, **IF A NOMINEE IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE REMAINING NOMINEES AND MAY BE VOTED FOR A SUBSTITUTE NOMINEE UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.**

*Corporate Cease Trade Orders or Bankruptcies*

Other than as set forth below, no proposed director, within 10 years before the date of this Circular, has been a director, chief executive officer or chief financial officer of any company that:

- (a) was subject to: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (collectively an "**Order**") and that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Other than as set forth below, no proposed director, within 10 years before the date of this Circular, has been a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of the proposed director 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.

**Kelly Malcolm** was a director and officer of Northern Sphere Mining Corp. ("**Northern Sphere**") when Northern Sphere was subject to a cease trade order resulting from a failure to file financial statements that was issued by the Ontario Securities Commission on May 6, 2019. The cease trade order has not been revoked or rescinded.

### *Personal Bankruptcies*

None of the directors of the Company have, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

### *Penalties and Sanctions*

None of the directors of the Company have been subject to 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 been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **3. APPOINTMENT OF AUDITORS**

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MORGAN & COMPANY LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITORS OF THE COMPANY TO HOLD OFFICE UNTIL THE NEXT ANNUAL MEETING OF SHAREHOLDERS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.** Morgan & Company LLP, Chartered Professional Accountants, were first appointed as the auditors of the Company on January 12, 2011.

### **4. APPROVAL OF NEW STOCK OPTION PLAN**

The Company has adopted a "rolling" stock option plan (as amended, the "**2011 Stock Option Plan**") for officers, directors, employees and consultants of the Company. The 2011 Stock Option Plan was first approved by the shareholders of the Company at the annual general and special meeting of the shareholders held on June 3, 2011 and was last approved and confirmed by the shareholders of the Company at the last annual general and special meeting of shareholders held on June 27, 2017.

The Board has determined that it was appropriate to update the 2011 Stock Option Plan and accordingly decided to adopt a new "rolling" stock option plan (the "**2019 Stock Option Plan**") that is in line with the stock option plans of the Company's peers and other TSX Venture Exchange (the "**TSXV**") issuers, with current TSXV policies and with current market practices including, among other things, tax withholding provisions. The Board approved the 2019 Stock Option Plan on November 14, 2019 and the Company received acceptance of the 2019 Stock Option Plan from the TSXV conditional upon receipt of shareholder approval and applicable filing fees. The Company has not granted any options under the 2019 Stock Option Plan.

The purpose of the 2019 Stock Option Plan is to attract, retain and motivate directors, officers, employees and other service providers of the Company by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and benefit from its growth.

The following is a summary of the key terms of the 2019 Stock Option Plan, which is qualified in its entirety by the full text of the 2019 Stock Option Plan which will be made available at the office of Irwin Lowy LLP at Suite 401, 217 Queen Street West, Toronto, Ontario M5V 0R2, until the business day immediately preceding the date of the Meeting:

- (a) options may be granted under the 2019 Stock Option Plan only to directors, officers, employees and consultants of the Company and its subsidiaries and other designated persons as designated from time to time by the Board;
- (b) the maximum number of Common Shares in respect of which options may be outstanding under the 2019 Stock Option Plan at any given time is equivalent to 10% of the issued and outstanding Common Shares at

- that time less the number of Shares subject to grant under any of the Company's other share compensation arrangements;
- (c) unless the Company has obtained the requisite disinterested shareholder approval, the total number of Common Shares that may be reserved for issue at any given time to any one person pursuant to options granted under the 2019 Stock Option Plan in any 12 month period shall not exceed 5% of the issued and outstanding Common Shares at that time;
  - (d) as long as required by TSXV policies:
    - (i) the number of Common Shares which may be reserved for issue pursuant to the 2019 Stock Option Plan to all insiders of the Company shall not exceed 10% of the Common Shares outstanding on a non-diluted basis on the date of the grant of options unless the Company has received disinterested shareholder approval;
    - (ii) the number of Common Shares which may be issued pursuant to 2019 Stock Option Plan to all insiders of the Company within a 12 month period shall not exceed 10% of the Common Shares outstanding on a non-diluted basis on the date of the grant of options unless the Company has received disinterested shareholder approval;
    - (iii) the number of Common Shares which may be issued pursuant to 2019 Stock Option Plan to any one consultant to the Company in any 12-month period shall not exceed 2% of the Common Shares outstanding on a non-diluted basis on the date of the grant of options;
    - (iv) the number of Common Shares which may be issued pursuant to 2019 Stock Option Plan to all persons conducting investor relations activities in any 12 month period shall not exceed the aggregate of 2% of the Common Shares outstanding on a non-diluted basis on the date of the grant of options;
  - (e) options may not be granted at prices that are less than the Discounted Market Price (as defined in the policies of the TSXV) which, subject to certain exceptions, generally means the most recent closing price of the Common Shares on the TSXV, less a discount of from 15% to 25%, depending on the trading value of the Common Shares;
  - (f) the maximum term of any option issued under the 2019 Stock Option Plan is 10 years after the date of the grant of the option;
  - (g) subject to extension as described below, an optionee has 90 days after the date on which such optionee's employment, directorship, consulting agreement or other qualified position is terminated, other than for cause, to exercise any options granted to him or her under the 2019 Stock Option Plan;
  - (h) the Board may, in its sole discretion, increase the periods permitted to exercise any options under the 2019 Stock Option Plan following a termination of employment, directorship, consulting agreement or other qualified position (the "**Termination**"), if allowable under applicable law, provided, however, that (i) such options may not be exercisable more than 10 years after the date on which they were granted; and (ii) as long as the Common Shares are listed on the TSXV, such increased period may not exceed 12 months after the date on which the Termination occurred;
  - (i) an option granted under the 2019 Stock Option Plan terminates on the earlier of one year following the death of the optionee and the option's regular expiry date; and
  - (j) in the event of a reorganization of the Company or the amalgamation, merger or consolidation of the shares of the Company, the Board shall make such appropriate provisions for the protection of the rights of the optionee as it may deem advisable.

At the Meeting, shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, an ordinary resolution in the form set out below (the "**2019 Stock Option Plan Resolution**"), subject to such

amendments, variations or additions as may be approved at the Meeting, authorizing and approving the 2019 Stock Option Plan.

If the 2019 Stock Option Plan Resolution is approved at the Meeting, the 865,000 options currently outstanding under the 2011 Stock Option Plan will remain outstanding (without amendment), will be deducted from the maximum number of options reserved under the 2019 Stock Option Plan and will become subject to the provisions of the 2019 Stock Option Plan.

The Board recommends that shareholders vote in favour of the 2019 Stock Option Plan Resolution, substantially in the form set out below:

**"BE IT RESOLVED THAT:**

1. the stock option plan of the Company as most recently approved and confirmed by the shareholders of the Company at the annual and special meeting of the shareholders of the Company held on June 3, 2011 (the "**2011 Stock Option Plan**") be replaced with the new stock option plan approved by the directors of the Company on November 14, 2019 as described in the management information circular dated November 14, 2019 of the Company (the "**2019 Stock Option Plan**");
2. the 2019 Stock Option Plan be and it is hereby approved and adopted;
3. the directors of the Company be authorized to grant options under, and subject to the terms and conditions of, the 2019 Stock Option Plan and the policies of the TSX Venture Exchange, which may be exercised to purchase up to 10% of the issued and outstanding number of common shares of the Company at the date of the grant of the options;
4. the outstanding options which have been granted under the 2011 Stock Option Plan shall, for the purpose of calculating the number of options that may be granted under the 2019 Stock Option Plan, be treated as options granted under the 2019 Stock Option Plan and be subject to the provisions of the 2019 Stock Option Plan;
5. the 2019 Stock Option Plan may be amended by the directors of the Company in order to satisfy the requests of any regulatory authorities or the TSX Venture Exchange without requiring further approval of the shareholders of the Company;
6. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company be, and they are hereby authorized and empowered to revoke this resolution at any time before it is acted upon and to determine not to replace the 2011 Stock Option Plan without further approval of the shareholders of the Company; and
7. any director or officer of the Company be and he or she is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Company may be necessary or desirable to carry out the terms of the foregoing resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

In order to pass, the 2019 Stock Option Plan Resolution must be approved by a majority of the votes cast at the Meeting by all shareholders, present in person or represented by proxy. If the 2019 Stock Option Plan Resolution is approved at the Meeting, the 2019 Stock Option Plan will supersede the 2011 Stock Option Plan. If the 2019 Stock Option Plan Resolution is not approved, the 2019 Stock Option Plan will terminate and the 2011 Stock Option Plan will continue to be in full force and effect.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE 2019 STOCK OPTION PLAN RESOLUTION UNLESS A SHAREHOLDER HAS SPECIFIED IN THE**

**PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST THE 2019 STOCK OPTION PLAN RESOLUTION.**

**5. DELISTING OF COMMON SHARES FROM THE TSX VENTURE EXCHANGE**

Management of the Company proposes to make an application to voluntarily delist the Common Shares (the "**Delisting**") from the TSXV, as further described below.

*Voluntary Delisting*

At the Meeting the shareholders will be asked to consider, and if deemed advisable, to pass, with or without variation, a resolution authorizing the Delisting (the "**Delisting Resolution**").

The Board may determine not to present the Delisting Resolution to the Meeting or, if the Delisting Resolution is presented to the Meeting and approved by shareholders, the Board is authorized, in its sole discretion, to determine not to proceed with the proposed Delisting, without further approval of the shareholders. The implementation of the Delisting is also conditional upon the Company obtaining all necessary regulatory consents.

*Reasons for the Delisting*

Due to the current state of the junior natural resource market, management is contemplating changes in the business activities of the Company. As the Company is considering its options, it is possible that management of the Company may determine that it is in the best interest of the Company to acquire a business which may be in an early stage of development and as a result the Company may not continue to meet the listing requirements of the TSXV and may have to delist the Common Shares.

*Voluntary Delisting Resolution*

The Board recommends that shareholders vote in favour of the Delisting Resolution, substantially in the form set out below:

**"BE IT RESOLVED THAT:**

1. the Company is hereby authorized to apply to voluntarily delist the common shares of the Company from the TSX Venture Exchange;
2. notwithstanding that this resolution has been duly passed by the shareholders of the Company, the directors of the Company be, and they are hereby authorized and empowered to revoke this resolution at any time before it is acted upon and to determine not to proceed with the delisting of the common shares of the Company from the TSX Venture Exchange without further approval of the shareholders of the Company; and
3. any director or officer of the Company be and he or she is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Company may be necessary or desirable to carry out the terms of the foregoing resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

To be approved, the Delisting Resolution requires the affirmative vote of (i) at least a majority of the votes cast on the Delisting Resolution at the Meeting, whether in person or by proxy; and (ii) a "majority of the minority shareholder approval" obtained in accordance with the requirements of the TSXV, being at least a majority of the votes cast on the Delisting Resolution at the Meeting by the disinterested shareholders of the Company, being all the shareholders of the Company other than promoters, directors, officers and other insiders of the Company, whether in person or by proxy. To the knowledge of the Company, as at the Record Date, such persons own an aggregate of 3,000,000 Common Shares representing approximately 19.80% of all issued and outstanding Common Shares as of the Record Date.

If the Delisting Resolution does not receive the requisite shareholder approval, the Board will not proceed with the Delisting and the Common Shares will continue to be listed on the TSXV.

**THE MANAGEMENT REPRESENTATIVES NAMED IN THE ATTACHED FORM OF PROXY INTEND TO VOTE IN FAVOUR OF THE DELISTING RESOLUTION, UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST THE DELISTING RESOLUTION.**

## **8. New Control Person**

On October 23, 2019, the Company announced that it proposed to complete a private placement offering (the "**Private Placement**") of up to 20,000,000 units of the Company ("**Units**") at a price of \$0.05 per Unit, for aggregate gross proceeds of up to \$1,000,000 (the "**Private Placement**"). Each Unit will be comprised of one Common Share and one Common Share purchase warrant (each a "**Warrant**"). Each Warrant will entitle the holder thereof to purchase one additional Common Share at a price of \$0.075 for a period of two years after the date of issue thereof.

On November 7, 2019, the Company closed the first tranche of the Private Placement ("**First Tranche**") by issuing an aggregate of 7,000,000 Units for aggregate gross proceeds of \$350,000. Irwin Professional Corporation ("**IPC**") subscribed for 3,000,000 Units (the "**IPC First Units**") under the First Tranche. IPC did not own any Common Shares prior to the closing of the First Tranche. Upon the closing of the First Tranche, IPC owned 3,000,000 Common Shares representing approximately 19.88% of the outstanding number of Common Shares. Assuming the exercise of the Warrants comprising the IPC First Units (the "**IPC First Warrants**"), IPC would own 6,000,000 Common Shares representing approximately 33.16% of the outstanding number of Common Shares on a partially diluted basis.

Under the Private Placement, IPC intends to subscribe for an additional 4,000,000 Units (the "**IPC Second Units**") and, together with the IPC First Units, the "**IPC Units**") comprised of 4,000,000 Common Shares and 4,000,000 Warrants (the "**IPC Second Warrants**"). Assuming the Private Placement is not fully subscribed and IPC is the only additional subscriber under the Private Placement, upon the closing of the Private Placement, IPC would own 7,000,000 Common Shares representing 36.55% of the then outstanding number of Common Shares and, assuming the exercise of the IPC Second Warrants, IPC would own 14,000,000 Common Shares representing 60.47% of the then outstanding number of Common Shares on a partially diluted basis.

Pursuant to subsection 1.12(a) of Policy 4.1 of the TSXV Corporate Finance Manual ("**Policy 4.1**"), if the issue of securities pursuant to a private placement will result in the creation of a new "Control Person" of a company, the TSXV will require such company to obtain shareholder approval. "Control Person" is defined as any person that holds, or is one of a combination of persons that holds, a sufficient number of any of the securities of a company so as to affect materially the control of the company, or that holds more than 20% of the outstanding common shares of the company except where there is evidence showing that the holder of those securities does not materially affect the control of the company.

Accordingly, as described above, IPC would become a Control Person of the Company in the following circumstances:

- assuming the exercise of the IPC First Warrants, IPC would hold Common Shares representing 33.05% of the outstanding number of Common Shares on a partially diluted basis;
- assuming that the Private Placement is not fully subscribed and subsequent to the closing of the First Tranche IPC is the only additional subscriber under the Private Placement, IPC would hold Common Shares representing 36.55% of the then outstanding number of Common Shares; and
- assuming that the Private Placement is not fully subscribed, subsequent to the closing of the First Tranche IPC is the only additional subscriber under the Private Placement and IPC exercises the IPC Second Warrants, IPC would hold Common Shares representing 60.47% of the then outstanding number of Common Shares on a partially diluted basis.

The Company has signed an undertaking addressed to the TSXV agreeing not to effect the exercise of the IPC First Warrants until the Company receives shareholder approval for the issue of the IPC First Warrants. In addition, the Company will not issue the IPC Second Units until the Company receives shareholder approval for the issue of the

IPC Second Units.

The issue of the IPC Units remains subject to TSXV approval and the approval of the shareholders of the Company.

At the Meeting the shareholders will be asked to consider, and if deemed advisable, to pass, with or without variation, a resolution authorizing the exercise by IPC of the IPC First Warrants and the issue of the IPC Second Units (the "**IPC Control Person Resolution**").

The Board recommends that shareholders vote in favour of the IPC Control Person Resolution, substantially in the form set out below:

**"BE IT RESOLVED THAT:**

1. the exercise by Irwin Professional Corporation ("**IPC**") of 3,000,000 warrants of the Company at a price of \$0.075 which may result in IPC (including its Associates or Affiliates, as such terms are defined under the TSXV Corporate Finance Manual) becoming a new "Control Person" (as such term is defined in the TSXV Corporate Finance Manual) of the Company (a "**Control Person**"), all as more particularly described in the management information circular dated November 14, 2019 of the Company, be and the same is hereby authorized and approved
2. the issue of 4,000,000 units of the Company (the "**IPC Units**") on a private placement basis as part of the private placement of units of the Company announced by the Company of October 23, 2019 to IPC which may result in IPC (including its Associates and Affiliates, as such terms are defined under the TSXV Corporate Finance Manual) becoming a new Control Person, all as more particularly described in the management information circular dated November 14, 2019 of the Company, be and the same is hereby authorized and approved;
3. notwithstanding that this resolution has been duly approved by the shareholders of the Company, the board of directors of the Company, in its sole discretion and without the requirement to obtain any further approval from the shareholders of the Company, is hereby authorized and empowered to revoke this resolution at any time before it is acted upon without further approval from the shareholders; and
4. any director or officer of the Company be and he or she is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Company may be necessary or desirable to carry out the terms of the foregoing resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

Pursuant to subsection 1.12(i) of Policy 4.1, the IPC Control Person Resolution requires the affirmative vote of (i) at least a majority of the votes cast on the IPC Control Person Resolution at the Meeting, whether in person or by proxy; and (ii) a "majority of the minority shareholder approval" obtained in accordance with the requirements of the TSXV, being at least a majority of the votes cast on the IPC Control Person Resolution at the Meeting by the disinterested shareholders of the Company, being all the shareholders of the Company other than IPC and its Associates and Affiliates (as such terms are defined under the TSXV Corporate Finance Manual), whether in person or by proxy. To the knowledge of the Company, as at the Record Date, IPC and its Associates and Affiliates owned an aggregate of 3,000,000 Common Shares.

If the IPC Control Person Resolution does not receive the requisite shareholder approval, the IPC First Warrants will be cancelled and the IPC Second Units will not be issued.

**THE MANAGEMENT REPRESENTATIVES NAMED IN THE ATTACHED FORM OF PROXY INTEND TO VOTE IN FAVOUR OF THE IPC CONTROL PERSON RESOLUTION, UNLESS A SHAREHOLDER SPECIFIES IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST THE IPC CONTROL PERSON RESOLUTION.**

## 9. CONSOLIDATION

At the Meeting, shareholders are being asked to consider and, if deemed advisable, pass, with or without variation, an ordinary resolution, the text of which is set out below (the "**Consolidation Resolution**"), which would authorize the Company to effect a consolidation of all of the issued and outstanding Common Shares on the basis of up to twenty (20) pre-consolidation Common Shares, or such lesser number of pre-consolidation Common Shares as the directors of the Company in their discretion may determine, for one (1) post-consolidation Common Share (the "**Consolidation**"). In the event that shareholders pass the Consolidation Resolution and the Board determines to consolidate on a maximum 20:1 basis, the presently issued and outstanding 15,151,637 Common Shares will be consolidated into approximately 757,581 Common Shares. If the Board determines to consolidate the Common Shares on a lesser basis, more Common Shares will remain outstanding following the Consolidation. Any fractional Common Shares arising from the Consolidation will be rounded down or up to the nearest whole Common Share, with 0.5 of a Common Share being rounded up. In all other respects, the post-consolidated Common Shares will have the same attributes as the existing Common Shares.

The Company believes that the Consolidation will both enhance the marketability of the Company as an investment and better position the Company to raise the funds necessary for the continued development of its business and the growth of the Company.

The Board recommends that shareholders vote in favour of the Consolidation Resolution, substantially in the form set out below:

### "BE IT RESOLVED THAT:

1. the directors of the Company be authorized to effect the consolidation (the "**Consolidation**") of all of the issued and outstanding common shares without par value in the capital of the Company (the "**Common Shares**") on the basis of up to twenty (20) old Common Shares for one (1) new Common Share (20:1);
2. the directors of the Company be and are hereby authorized to fix the ratio of the pre-consolidation to post-consolidation Common Shares to be used in the Consolidation (the "**Final Consolidation Ratio**"), provided that the maximum Final Consolidation Ratio will not exceed twenty (20) old Common Shares for one (1) new Common Share (20:1);
3. any fractional Common Shares resulting from the Consolidation will be rounded down or up to the nearest whole Common Share, with 0.5 of a Common Share being rounded up;
4. upon the Consolidation being effected, any officer or director of the Company is authorized to cancel (or cause to be cancelled) any certificates evidencing the existing Common Shares and to issue (or cause to be issued) certificates representing the new Common Shares to the holders thereof;
5. the directors of the Company, in their sole and complete discretion, may act upon this resolution to effect the Consolidation or, if deemed appropriate and without any further approval from the shareholders of the Company, may choose not to act upon this resolution notwithstanding that this resolution has been duly passed by the shareholders of the Company, and in the latter case, the directors of the Company are hereby authorized and empowered to revoke this resolution in their sole discretion at any time prior to effecting the Consolidation; and
6. any director or officer of the Company be and he or she is hereby authorized and directed, for and on behalf of the Company, to execute or cause to be executed, under the seal of the Company or otherwise and to deliver or to cause to be delivered all such other deeds, documents, instruments and assurances and to do or cause to be done all such other acts as in the opinion of such director or officer of the Company may be necessary or desirable to carry out the terms of the foregoing resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination."

In order to pass, the Consolidation Resolution must be approved by a majority of the votes cast at the Meeting by all shareholders, present in person or represented by proxy. If the Consolidation Resolution does not receive the requisite shareholder approval, the Company will continue with its present share capital.

**PROXIES RECEIVED IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR THE APPROVAL OF THE CONSOLIDATION RESOLUTION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE VOTED AGAINST THE CONSOLIDATION RESOLUTION.**

### STATEMENT OF EXECUTIVE COMPENSATION

Under applicable securities legislation, the Company is required to disclose certain financial and other information relating to the compensation of the Chief Executive Officer, the Chief Financial Officer and the most highly compensated executive officer of the Company as at December 31, 2018 whose total compensation was more than \$150,000 for the financial year of the Company ended December 31, 2018 (collectively the "Named Executive Officers") and for the directors of the Company.

#### Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, for each of the two most recently completed financial years to the Named Executive Officers and the directors of the Company:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES <sup>(1)</sup>							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Jessica Whitton <sup>(2)</sup> Interim Chief Executive Officer	2018	n/a	n/a	n/a	n/a	n/a	n/a
	2017	n/a	n/a	n/a	n/a	n/a	n/a
Jim Voisin <sup>(2)</sup> Former President, Chief Executive Officer and director	2018	120,000	nil	nil	nil	75,436	195,436
	2017	120,000	nil	nil	nil	nil	120,000
Nicole Wood Chief Financial Officer	2018	30,000	nil	nil	nil	13,896	43,896
	2017	30,000	nil	nil	nil	nil	30,000
Daniel Nauth <sup>(3)</sup> Director	2018	n/a	n/a	n/a	n/a	n/a	n/a
	2017	n/a	n/a	n/a	n/a	n/a	n/a
Kelly Malcolm <sup>(3)</sup> Director	2018	n/a	n/a	n/a	n/a	n/a	n/a
	2017	n/a	n/a	n/a	n/a	n/a	n/a
Arvin Ramos <sup>(3)</sup> Director	2018	n/a	n/a	n/a	n/a	n/a	n/a
	2017	n/a	n/a	n/a	n/a	n/a	n/a
Gregg Roberts <sup>(3)</sup> Former Director	2018	nil	nil	nil	nil	50,622	50,622
	2017	nil	nil	33,500	nil	nil	33,500
Patrick Burns <sup>(3)</sup> Former Director	2018	nil	nil	nil	nil	26,800	26,800
	2017	nil	nil	25,500	nil	nil	25,500

Notes:

- (1) This table does not include any amount paid as reimbursement for expenses. This table includes compensation received by the Named Executive Officers as directors of the Company.
- (2) Mr. Voisin resigned as the President and Chief Executive Officer of the Company effective October 23, 2019. Ms. Whitton was appointed on an interim basis in his stead.
- (3) Messrs. Voisin, Roberts and Burns resigned as directors of the Company on October 23, 2019. Messrs. Nauth, Malcolm and Ramos were appointed in their stead.

The following table provides a summary of all compensation securities granted or issued to each Named Executive Officer and to each director of the Company during the most recently completed financial year of the Company for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

COMPENSATION SECURITIES							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and % of class <sup>(1)</sup>	Date of issue or grant <sup>(2)</sup>	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
Jim Voisin Former President, Chief Executive Officer and Director	stock options <sup>(1)</sup>	1,900,000 exercisable for 1,900,000 Common Shares representing 2% of the outstanding number of Common Shares	April 23, 2018	0.050	0.035	0.015	January 20, 2020
Nicole Wood Chief Financial Officer	stock options <sup>(1)</sup>	350,000 exercisable for 350,000 Common Shares representing 0.38% of the outstanding number of Common Shares	April 23, 2018	0.050	0.035	0.015	April 23, 2020
Gregg Roberts Former Director	stock options <sup>(1)</sup>	1,275,000 exercisable for 1,275,000 Common Shares representing 1.38% of the outstanding number of Common Shares	April 23, 2018	0.050	0.035	0.015	January 20, 2020
Patrick Burns Former Director	stock options <sup>(1)</sup>	675,000 exercisable for 675,000 Common Shares representing 0.74% of the outstanding number of Common Shares	April 23, 2018	0.050	0.035	0.015	January 20, 2020

Notes:

- (1) The fair value of each stock option at the date of grant was estimated using the Black-Scholes option pricing model to be consistent with the audited consolidated financial statements of the Corporation and included the following assumptions: dividend yield nil, expected volatility 241%, risk-free interest rate 2.17% and an expected life of five years.
- (2) The percentage of class is calculated on a partially diluted basis as at December 31, 2018.
- (3) Messrs. Voisin, Roberts and Burns resigned from their positions with the Company effective October 23, 2019.

As at December 31, 2018, the Named Executive Officers and directors of the Company held compensation securities as set out in the table below.

COMPENSATION SECURITIES HELD BY DIRECTORS AND NAMED EXECUTIVES OFFICERS			
Name and position	Type of compensation security	Number of compensation securities	Number of underlying securities exercised or exchanged
Jim Voisin <sup>(1)</sup> Former President, Chief Executive Officer and Director	stock options	2,550,000	nil

COMPENSATION SECURITIES HELD BY DIRECTORS AND NAMED EXECUTIVES OFFICERS			
Name and position	Type of compensation security	Number of compensation securities	Number of underlying securities exercised or exchanged
Nicole Wood Chief Financial Officer	stock options	425,000	nil
Gregg Roberts <sup>(1)</sup> Former Director	stock options	1,825,000	nil
Patrick Burns <sup>(1)</sup> Former Director	stock options	1,075,000	nil

Notes:

(1) Messrs. Voisin, Roberts and Burns resigned from their positions with the Company effective October 23, 2019, accordingly, the stock option held by each of them will expire on January 20, 2020 in accordance with the terms of the stock options and, in the case of Mr. Voisin, in accordance with the terms of the Voisin Agreement (as hereinafter defined).

No compensation securities were exercised by any Named Executive Officer or any director of the Company during the most recently completed financial year of the Company.

### Stock Option Plan and other Incentive Plans

The Company has in place the 2011 Stock Option Plan which was last approved by the shareholders of the Company at the annual general and special meeting of the shareholders held on June 27, 2017.

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the 2011 Stock Option Plan. The purpose of the 2011 Stock Option Plan is to, among other things, encourage Common Share ownership in the Company by directors, officers, employees and consultants of the Company and its affiliates and other designated persons. Stock options may be granted under the 2011 Stock Option Plan only to directors, officers, employees and consultants of the Company and its subsidiaries and other designated persons as designated from time to time by the Board.

Any Common Shares subject to a stock option which is exercised, or for any reason is cancelled or terminated prior to exercise, will be available for a subsequent grant under the 2011 Stock Option Plan. The option price of any Common Shares cannot be less than the market price of the Common Shares at the time of grant. Stock options granted under the 2011 Stock Option Plan may be exercised during a period not exceeding 10 years, subject to earlier termination upon the termination of the optionee's employment, upon the optionee ceasing to be an employee, officer, director or consultant of the Company or any of its subsidiaries or ceasing to have a designated relationship with the Company, as applicable, or upon the optionee retiring, becoming permanently disabled or dying. The stock options are non-transferable. The 2011 Stock Option Plan contains provisions for adjustment in the number of Common Shares issuable thereunder in the event of a subdivision, consolidation, reclassification or change of the Common Shares, a merger or other relevant changes in the Company's capitalization. Subject to shareholder approval in certain circumstances, the Board may from time to time amend or revise the terms of the 2011 Stock Option Plan or may terminate the 2011 Stock Option Plan at any time. The 2011 Stock Option Plan does not contain any provision for financial assistance by the Company in respect of stock options granted under the 2011 Stock Option Plan.

The number of Common Shares which may be reserved for issue under the 2011 Stock Option Plan is limited to 10% of the issued and outstanding number of Common Shares as at the date of the grant of stock options. As at December 31, 2018, 9,084,436 stock options were available to be reserved for issue pursuant to the 2011 Stock Option Plan, 8,650,000 stock options were issued and 434,436 stock options were still available for issue. On September 20, 2019, the Company completed a consolidation of the Common Shares on a ten for one basis. Pursuant to such consolidation of Common Shares, the number of Common Shares outstanding was reduced from 81,844,360 Common Shares to 8,184,436 Common Shares. As a result, as at the date hereof, 1,515,163 stock options may be reserved for issue

pursuant to the 2011 Stock Option Plan, 865,000 stock options have been issued and 650,163 stock options are still available for issue.

The Company has no equity compensation plans other than the 2011 Stock Option Plan. At the Meeting, management proposes that shareholders approve the new 2019 Stock Option Plan as described under the section entitled "*Approval of New Stock Option Plan*".

## **Employment, Consulting and Management Agreements**

In the financial year ended December 31, 2018 the Company had in place the following employment, consulting and management agreements:

### ***Wood Agreement***

As of April 1, 2009, the Company, through First Mexican Resources Inc., now a wholly-owned subsidiary of the Company, entered into a consulting agreement (the "**Wood Agreement**") with Nicole Wood, initially as financial comptroller and subsequently as chief financial officer, which provides for annual compensation of \$60,000 payable to Ms. Wood by equal monthly installments. In 2016, this compensation amount was reduced to \$30,000 per annum.

The Wood Agreement has a one-year term renewable annually on April 1 (the "**Renewal Date**"), provided that if the Company does not intend to renew the Wood Agreement, it must give Ms. Wood written notice at least 30 days prior to the Renewal Date. Ms. Wood may terminate the Wood Agreement by giving the Company a 60 days' written notice. If the Wood Agreement is terminated by the Company without cause, the Company is required to pay Ms. Wood an amount of \$25,000, representing five months' remuneration. If the Wood Agreement is terminated by the Company without cause upon a change of control (as defined in the Wood Agreement), the Company is required to pay Ms. Wood an amount of \$60,000, representing one year's remuneration.

### ***Voisin Agreement***

As of September 22, 2011, the Company entered into a consulting agreement (the "**Voisin Agreement**") with Kargi Consulting Corp. (formerly Greenstone Consulting Corp.) ("**Kargi**") which provides for an annual management fee of \$120,000 payable to Kargi. Kargi provides the services of Jim Voisin in the capacity as Chief Executive Officer and President of the Company. The Voisin Agreement was terminated effective October 23, 2019.

There are no employment, consulting or management agreements in place with any of the other Named Executive Officers or directors of the Company.

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

### ***Compensation of Directors***

The Board determines the compensation payable to the directors of the Company and reviews such compensation periodically throughout the year. For their role as directors of the Company, each director of the Company who is not a Named Executive Officer may, from time to time, be awarded stock options under the provisions of the 2011 Stock Option Plan. There are no other arrangements under which the directors of the Company who are not Named Executive Officers were compensated by the Company or its subsidiaries during the most recently completed financial year end for their services in their capacity as directors of the Company.

### ***Compensation of Named Executive Officers***

#### **Principles of Executive Compensation**

The Company believes in linking an individual's compensation to his or her performance and contribution as well as to the performance of the Company as a whole. The primary components of the Company's executive compensation are base salary and option-based awards. The Board believes that the mix between base salary and incentives must be reviewed and tailored to each executive based on their role within the organization as well as their own personal circumstances. The overall goal is to successfully link compensation to the interests of the shareholders. The

following principles form the basis of the Company's executive compensation program:

1. align interest of executives and shareholders;
2. attract and motivate executives who are instrumental to the success of the Company and the enhancement of shareholder value;
3. pay for performance;
4. ensure compensation methods have the effect of retaining those executives whose performance has enhanced the Company's long-term value; and
5. connect, if possible, the Company's employees into principles 1 through 4 above.

The Board approves, or recommends for approval, all compensation to be awarded to the directors of the Company and the Named Executive Officers. The Board also has the responsibility to make recommendations concerning annual bonuses and grants to eligible persons under the 2011 Stock Option Plan. The Board may direct management to gather information on its behalf and provide initial analysis and commentary. The Board reviews this material along with other information received from any external advisors which may be retained in its deliberations before considering or making decisions. The Board has full discretion to adopt or alter management recommendations. The Board also reviews and approves the hiring of executive officers.

#### Base Salary

The Board approves the salary ranges for the Named Executive Officers. The base salary review for each Named Executive Officer is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. Comparative data for the Company's peer group is also accumulated from a number of external sources including independent consultants. The Company's policy for determining salary for executive officers of the Company is consistent with the administration of salaries for all other employees.

#### Annual Incentives

The Company is not currently awarding any annual incentives by way of cash bonuses. However, the Company, in its discretion, may award such incentives in order to motivate executives to achieve short-term corporate goals. The Board approves annual incentives.

The success of Named Executive Officers in achieving their individual objectives and their contribution to the Company in reaching its overall goals are factors in the determination of their annual bonus. The Board assesses each Named Executive Officers' performance on the basis of his or her respective contribution to the achievement of the predetermined corporate objectives, as well as to needs of the Company that arise on a day to day basis. This assessment is used by the Board in developing its recommendations with respect to the determination of annual bonuses for the Named Executive Officers.

#### Compensation and Measurements of Performance

It is the intention of the Board to approve targeted amounts of annual incentives for each Named Executive Officer at the beginning of each financial year. The targeted amounts will be determined by the Board based on a number of factors, including comparable compensation of similar companies.

Achieving predetermined individual and/or corporate targets and objectives, as well as general performance in day to day corporate activities, will trigger the award of a bonus payment to the Named Executive Officers. The Named Executive Officers will receive a partial or full incentive payment depending on the number of the predetermined targets met and the Board's assessment of overall performance. The determination as to whether a target has been met is ultimately made by the Board and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate.

### Long Term Compensation

The Company currently has no long-term incentive plans, other than stock options granted from time to time by the Board under the provisions of the 2011 Stock Option Plan.

### **Pension Disclosure**

There are no pension plan benefits in place for the Named Executive Officers or the directors of the Company.

### **Termination and Change of Control Benefits**

The Company does not have in place any pension or retirement plan. Compensation plans with Named Executive Officers and directors resulting from the termination of employment of such Named Executive Officer or a change of control of the Company are described under "*Employment, Consulting and Management Agreements*".

Other than as otherwise disclosed in this Circular, the Company has not provided compensation, monetary or otherwise, during the preceding fiscal year, to any person who now acts or has previously acted as a Named Executive Officer or director of the Company in connection with or related to the retirement, termination or resignation of such person. The Company has not provided any compensation to such persons as a result of a change of control of the Company, its subsidiaries or affiliates.

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

The following table sets forth information with respect to all compensation plans of the Company under which equity securities are authorized for issue as of December 31, 2018:

<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 issue under equity compensation plans (#)</b>
Equity compensation plans <sup>(1)</sup> approved by securityholders	8,650,000	0.055	434,436
Equity compensation plans not approved by securityholders	nil	nil	nil
<b>Total</b>	<b>8,650,000</b>	<b>0.055</b>	<b>434,436</b>

*Notes:*

(1) *The 2011 Stock Option Plan is a "rolling" stock option plan whereby the maximum number of Common Shares that may be reserved for issue pursuant to the 2011 Stock Option Plan will not exceed 10% of the issued Common Shares at the time of the stock option grant. As at the date of this Circular, 1,515,163 stock options are authorized for issue under the 2011 Stock Option Plan, 865,000 stock options are outstanding and an additional 650,163 Common Shares are reserved for issue and remain available for future issue.*

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

Other than as otherwise disclosed in this Circular, no director, executive officer or principal shareholder of the Company, or associate or affiliate of any of the foregoing, has had any material interest, direct or indirect, in any transaction since the commencement of the most recently completed financial year of the Company or in any proposed transaction that has materially affected or will materially affect the Company.

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

No director or officer of the Company or person who acted in such capacity in the last financial year of the Company, or any other individual who at any time during the most recently completed financial year of the Company was a director of the Company or any associate of the Company, is indebted to the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement

or understanding provided by the Company.

### **AUDIT COMMITTEE INFORMATION REQUIRED IN THE INFORMATION CIRCULAR OF A VENTURE ISSUER**

National Instrument 52-110 – *Audit Committees* ("NI 52-110") requires that certain information regarding the Audit Committee of a "venture issuer" (as that term is defined in NI 52-110) be included in the management information circular sent to shareholders in connection with the issuer's annual meeting. The Company is a "venture issuer" for the purposes of NI 52-110.

#### **Audit Committee Charter**

The full text of the charter of the Company's Audit Committee is attached hereto as appendix A (the "**Audit Committee Charter**").

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

The Audit Committee members are currently Daniel Nauth, Kelly Malcolm and Arvin Ramos, each of whom is a director and financially literate and independent in accordance with NI 52-110.

#### **Relevant Education and Experience**

The following is a description of the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Company to prepare its consolidated financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating consolidated financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's consolidated financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting.

**Mr. Daniel Nauth, Director** – Mr. Nauth practices U.S. securities and corporate law and advises both public and private issuers on U.S.-Canada cross border capital markets, M&A and corporate/securities transactions and regulatory compliance. Mr. Nauth holds a J.D. from Queen's University and a Bachelor of Arts (Hons.) from York University. Mr. Nauth is licensed to practice law in the State of New York. Mr. Nauth is a licensed Foreign Legal Consultant in the Province of Ontario. Mr. Nauth has extensive advisory experience in a range of industries, including mining and oil/gas, emerging biopharmaceutical and medical devices, medicinal cannabis, cryptocurrencies and blockchain technology.

**Mr. Kelly Malcolm, Director** – Mr. Malcolm holds a Bachelor of Science Honours in geology and a Bachelor of Arts in economics, both from Laurentian University. Mr. Malcolm is a Professional Geologist with extensive experience focused on precious and base metal exploration. He specializes in the integration and interpretation of geological, geochemical, and geophysical data to guide exploration and development activities. He has worked in the mineral exploration industry for several junior explorers and mid-tier producers, and has acted as director, advisor, or management for several public and private mineral exploration companies. He also acts as an advisor to several Toronto-based finance firms.

**Mr. Arvin Ramos, Director** – Mr. Ramos holds a degree in commerce and is a member of the Chartered Professional Accountants of Ontario. Mr. Ramos has over 17 years of business experience, having supported a broad range of industries, including mining, technology and banking. Mr. Ramos serves as chief financial officer of several junior mining companies.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

### **Reliance on Exemptions in NI 52-110**

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

1. 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, are not recognized as non-audit services at the time of the engagement of the auditor to perform them and are subsequently approved by the Audit Committee prior to the completion of that year's audit);
2. the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*) of NI 52-110 (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a circumstance arises that affects the business or operations of the Company and a reasonable person would conclude that the circumstance can be best addressed by a member of the Audit Committee becoming an executive officer or employee of the Company);
3. the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if an Audit Committee member becomes a control person of the Company or of an affiliate of the Company for reasons outside the member's reasonable control);
4. the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*) (an exemption from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the Company or of an affiliate of the Company if a vacancy on the Audit Committee arises as a result of the death, incapacity or resignation of an Audit Committee member and the Board was required to fill the vacancy); or
5. an exemption from the requirements of NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (Exemptions) of NI 52-110.

The Company is a "venture issuer" for the purposes of NI 52-110. Accordingly, the Company is relying upon the exemption in section 6.1 of NI 52-110 providing that the Company is exempt from the application of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

### **Audit Fees**

The following table provides details in respect of audit, audit related, tax and other fees billed by the external auditor of the Company for professional services rendered to the Company during the fiscal years ended December 31, 2017 and December 31, 2018:

	Audit Fees (\$)	Audit-Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
Year ended December 31, 2018	\$10,000	nil	nil	nil
Year ended December 31, 2017	\$10,625	nil	nil	nil

Audit Fees – aggregate fees billed for professional services rendered by the auditor for the audit of the Company's annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.

Audit-Related Fees – aggregate fees billed for professional services rendered by the auditor and were comprised primarily of audit procedures performed related to the review of quarterly consolidated financial statements and related documents.

Tax Fees – aggregate fees billed for tax compliance, tax advice and tax planning professional services. These services included reviewing tax returns and assisting in responses to government tax authorities.

All Other Fees – aggregate fees billed for professional services which included accounting advice.

## REPORT ON CORPORATE GOVERNANCE

The Company believes that adopting and maintaining appropriate governance practices is fundamental to a well-run company, to the execution of its chosen strategies and to its successful business and financial performance. National Instrument 58-101 – *Disclosure of Corporate Governance Practices* and National Policy 58-201 – *Corporate Governance Guidelines* (collectively the "**Governance Guidelines**") of the Canadian Securities Administrators set out a list of non-binding corporate governance guidelines that issuers are encouraged to follow in developing their own corporate governance guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. The Company will continue to review and implement corporate governance guidelines as the business of the Company progresses and becomes more active in operations.

The following disclosure is required by the Governance Guidelines and describes the Company's approach to governance and outlines the various procedures, policies and practices that the Company and the Board have implemented.

### Board of Directors

The Board is currently composed of five directors. Form 58-101F2 – *Corporate Governance Disclosure (Venture Issuers)* ("**Form 58-101F2**") requires disclosure regarding how the Board facilitates its exercise of independent supervision over management of the Company by providing the identity of directors who are independent and the identity of directors who are not independent and the basis for that determination. NI 52-110 provides that a director is independent if he or she has no direct or indirect "material relationship" with the company. "Material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. In addition, under NI 52-110, an individual who is, or has been within the last three years, an employee or executive officer of an issuer, is deemed to have a "material relationship" with the issuer. Accordingly, all of the proposed director nominees are considered not to be "independent" within the meaning of NI 52-110. In assessing Form 58-101F2 and making the foregoing determinations, the Board has examined the circumstances of each director in relation to a number of factors.

### Directorships

The following table sets forth the directors and proposed directors of the Company who currently hold directorships with other reporting issuers:

Name of Director	Reporting Issuers
Daniel Nauth, Director	Bhang Inc.
Kelly Malcolm, Director	Generic Gold Corp.; Northern Sphere Mining Corp.; Ateba Resources Inc.; Mainstream Minerals Corporation
Arvin Ramos, Director	Ateba Resources Inc.; Mainstream Minerals Corporation

### **Board Committees**

The Board has constituted one committee, the Audit Committee. The Audit Committee is composed of three directors as named above. Each member of the Audit Committee is considered to be "independent". The operation of the Audit Committee is described in the section entitled "*Audit Committee Information Required in The Information Circular of a Venture Issuer*" in this Circular.

### **Orientation and Continuing Education**

The Board does not have a formal orientation or education program for its members. The Board's continuing education is typically derived from correspondence with the Company's legal counsel to remain up to date with developments in relevant corporate and securities law matters. Additionally, historically board members have been nominated who are familiar with the Company and the nature of its business. New Board members are provided with information regarding the functioning of the Board and its committees and full access to management. New Board members are encouraged to, (i) communicate with management, auditors and technical consultants, (ii) keep themselves current with industry trends and developments and changes in legislation with management's assistance, (iii) attend industry related seminars and (iv) visit the Company's operations.

### **Ethical Business Conduct**

The Board has not adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct, but does promote ethical business conduct through the nomination of Board members it considers ethical, through avoiding or minimizing conflicts of interest, and by having at least two of its Board members independent of corporate matters.

### **Nomination of Directors**

The recruitment of new directors has generally resulted from recommendations made by directors and shareholders. The assessment of the contributions of individual directors has principally been the responsibility of the Board. Prior to standing for election, new nominees to the Board of directors are reviewed by the entire Board.

### **Other Board Committees**

The Board currently does not have any standing committees other than as set in the section entitled "*Board Committees*" above.

### **Assessments**

Currently the Board has not implemented a formal process for assessing directors.

## **OTHER MATTERS**

The management of the Company knows of no other matters to come before the Meeting other than as set forth in the Notice. **However, if other matters which are not known to management should properly come before the Meeting, the accompanying form of proxy will be voted on such matters in accordance with the best judgment of the person or persons voting the proxy.**

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at its office by mail at the address set out below to request copies of: (i) this Circular; and (ii) the Company's consolidated financial statements and the related Management's Discussion and Analysis (the "**MD&A**") which will be sent to the shareholder without charge upon request. Financial information is provided in the Company's consolidated financial statements and MD&A for the financial year of the Company ended December 31, 2018.

## **APPROVAL OF THE BOARD OF DIRECTORS**

The contents of this Circular have been approved, and the delivery of it to each shareholder entitled thereto and to the appropriate regulatory agencies has been authorized by the Board.

**DATED** at Toronto, Ontario, on the 14<sup>th</sup> day of November, 2019.

## **BY ORDER OF THE BOARD**

*"Jessica Whitton" (signed)*  
Interim Chief Executive Officer

## APPENDIX A

### FIRST MEXICAN GOLD CORP.

#### CHARTER OF THE AUDIT COMMITTEE

##### Mandate

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:

- 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.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

##### Composition

The Committee shall be comprised of three Directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

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 Charter of the Committee, 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 presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

##### Meetings

The Committee shall meet at least quarterly, 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 and the external auditors in separate sessions.

##### Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

##### *Documents/Reports Review*

- (a) Review and update this Charter annually.

- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, 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.

*External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) 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.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) 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.
- (g) 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.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) 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 of Directors 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.

### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) 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.
- (e) 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.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review the certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

### *Risk Management*

- (a) To review, at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
- (b) To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
- (c) To request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.
- (d) To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.

### *Other*

Review any related-party transactions.