

**MEXICAN GOLD CORP.**  
1100 Russell Street  
Thunder Bay, Ontario  
P7B 5N2

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

**NOTICE IS HEREBY GIVEN** that the annual and special meeting (the "**Meeting**") of the shareholders of Mexican Gold Corp. (the "**Corporation**") will be held at 1100 Russell Street, Thunder Bay, Ontario at 2:00 p.m. (Eastern time) on Wednesday, December 19, 2018 for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended June 30, 2018 together with the report of the auditor thereon;
2. to elect directors of the Corporation for the ensuing year;
3. to appoint the auditor of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix the remuneration of the auditor;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution confirming and approving the amended and restated share option plan of the Corporation, as more particularly described in the accompanying management information circular;
5. to consider and, if deemed advisable, to pass a resolution of disinterested shareholders approving the grant of 74,000 options pursuant to the share option plan of the Corporation to officers of the Corporation, in accordance with the requirements of TSX Venture Exchange and the terms of the share option plan of the Corporation; and
6. to transact such other business as may properly be brought before the Meeting or any adjournment thereof.

Particulars of the foregoing matters are set forth in the accompanying management information circular (the "**Circular**"). Please review the Circular in full prior to voting in relation to the matters set out above as the Circular has been prepared to help you make an informed decision on such matters.

The board of directors of the Corporation has fixed the close of business on November 14, 2018 (the "**Record Date**") as the record date for the determination of the shareholders of the Corporation entitled to receive notice of, and to vote at, the Meeting. Only shareholders whose names have been entered in the register of shareholders as of the close of business on the Record Date will be entitled to receive notice of, and to vote at, the Meeting.

Shareholders are entitled to vote at the Meeting either in person or by proxy, as described in the Circular under the heading "*General Proxy Information*". Only registered shareholders, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. For information with respect to shareholders who own common shares of the Corporation through an intermediary, see "*General Proxy Information – Non-Registered Shareholders*" in the Circular.

Whether or not you are able to attend the Meeting in person, you are encouraged to provide voting instructions on the enclosed form of proxy as soon as possible. To be included at the Meeting, your completed and executed proxy must be received by Computershare Investor Services Inc., Attention: Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, by 2:00 p.m. (Eastern time) on December 17, 2018 (or 48 hours (excluding Saturdays, Sundays and holidays) prior to any reconvened Meeting in the event of an adjournment of the Meeting) or deposited with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof. Voting instructions may also be provided by telephone or internet by following the instructions on the form of proxy.

DATED at Thunder Bay, Ontario this 14<sup>th</sup> day of November, 2018.

BY ORDER OF THE BOARD

(Signed) *Brian E. Robertson*  
President

## MEXICAN GOLD CORP.

### MANAGEMENT INFORMATION CIRCULAR

November 14, 2018

### GENERAL PROXY INFORMATION

#### Solicitation of Proxies

**This management information circular ("Circular") is furnished in connection with the solicitation of proxies by the management of Mexican Gold Corp. (the "Corporation") for use at the annual and special meeting (the "Meeting") of the shareholders of the Corporation to be held at 1100 Russell Street, Thunder Bay, Ontario at 2:00 p.m. (Eastern time) on Wednesday, December 19, 2018 and at all adjournments thereof for the purposes set forth in the accompanying notice of the Meeting (the "Notice of Meeting").** The solicitation of proxies will be made primarily by mail and may be supplemented by telephone or other personal contact by the directors, officers and employees of the Corporation. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more professional proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation ("**Common Shares**") in their own names, or in the names of nominees, for their reasonable expenses for sending the form of proxy and this Circular to beneficial owners of Common Shares and obtaining proxies therefrom. The cost of any such solicitation will be borne by the Corporation.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Corporation. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof.

#### Appointment of Proxies

A registered shareholder of the Corporation may vote in person at the Meeting or may appoint another person to represent such shareholder as proxy and to vote the Common Shares of such shareholder at the Meeting. In order to appoint another person as proxy, such 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 of Meeting.

**The persons named in the form of proxy accompanying this Circular are directors and/or officers of the Corporation. A shareholder of the Corporation has the right to appoint a person or company (who need not be a shareholder of the Corporation), other than the persons whose names appear in such form of proxy, to represent such shareholder at the Meeting and at any adjournment thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed form of proxy to Computershare Investor Services Inc., Attention: Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, no later than 2:00 p.m. (Eastern time) on December 17, 2018 (or 48 hours (excluding Saturdays, Sundays and holidays) prior to any reconvened Meeting) or depositing the completed and executed form of proxy with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof. Voting instructions may also be provided by telephone or internet by following the instructions on the form of proxy.**

### **Revocation of Proxies**

A registered shareholder of the Corporation who has given a proxy may revoke the proxy at any time prior to use by: (a) 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 *Business Corporations Act* (Ontario) ("**OBCA**"), by electronic signature to (i) the registered office of the Corporation, 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2, at any time prior to 5:00 p.m. (Eastern time) on the last business day preceding the day of the Meeting or any adjournment thereof, or (ii) with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment thereof; or (b) any other manner permitted by law.

### **Exercise of Discretion by Proxies**

The Common Shares represented by an appropriate form of proxy will be voted or withheld from voting on any ballot that may be conducted at the Meeting, or at any adjournment thereof, in accordance with the instructions of the shareholder contained on the form of proxy. **In the absence of instructions, such Common Shares will be voted in favour of each of the matters referred to in the Notice of Meeting.**

**The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters described in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment thereof.** At the date hereof, management of the Corporation knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matter which is not now known to management of the Corporation should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such form of proxy will be voted on such matter in accordance with the judgment of the person named as proxy thereon.

### **Signing of Proxy**

The form of proxy must be signed by the shareholder of the Corporation or the duly appointed attorney thereof authorized in writing or, if the shareholder of the Corporation is a corporation, by an authorized officer of such corporation. A form of proxy signed by the person acting as attorney of the shareholder of the Corporation or in some other representative capacity, including an officer of a corporation which is a shareholder of the Corporation, should indicate the capacity in which such person is signing. A shareholder of the Corporation or his or her attorney may sign the form of proxy or a power of attorney authorizing the creation of a proxy by electronic signature provided that the means of electronic signature permits a reliable determination that the document was created or communicated by or on behalf of such shareholder or by or on behalf of his or her attorney, as the case may be.

### **Non-Registered Shareholders**

Only registered shareholders of the Corporation, or the persons they appoint as their proxies, are entitled to attend and vote at the Meeting. The Common Shares of a non-registered shareholder (a "**Non-Registered Shareholder**") who beneficially owns Common Shares will generally be registered in the name of either:

- (a) an intermediary (an "**Intermediary**") with whom the Non-Registered Shareholder deals in respect of the Common Shares (including, among others, banks, trust companies, securities dealers or brokers, trustees or administrators of a self-administered registered retirement savings plan, registered retirement income fund, registered education savings plan and similar plans); or

- (b) a clearing agency (such as CDS Clearing and Depository Services Inc. or the Depository Trust Company) of which the Intermediary is a participant.

There are two kinds of beneficial owners: objecting beneficial owners who object to their name being made known to issuers of securities which they own ("**OBOs**") and non-objecting beneficial owners who do not object to their name being made known to issuers of securities which they own ("**NOBOs**").

Issuers can request and obtain a list of their NOBOs from Intermediaries via their transfer agents pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") and issuers can use this list to distribute proxy-related materials directly to its NOBOs. The Corporation has decided to take advantage of the provisions of NI 54-101 that allow it to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a voting instruction form from the Corporation's transfer agent, Computershare Investor Services Inc.

With respect to OBOs, in accordance with the requirements of NI 54-101, the Corporation has distributed copies of the Notice of Meeting, this Circular and the accompanying form of proxy (collectively, the "**Meeting Materials**") to the Intermediaries for onward distribution to Non-Registered Shareholders. Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless the Non-Registered Shareholders have waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive the Meeting Materials will be given either:

- (a) a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for the form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or
- (b) a form of proxy **which 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 Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly **complete the form of proxy and deposit it with Computershare Investor Services Inc.**, Attention: Proxy Department, 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 by the time specified in the Notice of Meeting.

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives either a voting instruction form or a form of proxy wish to attend the Meeting and vote in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the names of the persons named in the form of proxy and insert the Non-Registered Shareholder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the directions indicated on the form.

**Non-Registered Shareholders should carefully follow the instructions of their Intermediaries and their service companies, including those regarding when and where the voting instruction form or the form of proxy is to be delivered.**

A Non-Registered Shareholder who has submitted a voting instruction form or form of proxy may revoke it by contacting the Intermediary through which the Common Shares of such Non-Registered Shareholder are held and following the instructions of the Intermediary respecting the revocation of proxies.

### **Quorum**

The quorum for the transaction of business at any meeting of the shareholders of the Corporation is two persons present at the opening of the meeting who are entitled to vote thereat either as shareholders or as proxy holders and holding or representing more than 5% of the outstanding Common Shares. In the event that a quorum is not present within such reasonable time (as determined by the Chairman of the Meeting) after the time fixed for the holding of the Meeting as the persons present and entitled to vote thereat may determine, such persons may adjourn the Meeting to a fixed time and place.

## **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

### **Description of Share Capital**

The Corporation is authorized to issue an unlimited number of Common Shares of which 42,626,758 Common Shares were issued and outstanding as of the close of business on November 14, 2018.

The holders of Common Shares are entitled to one vote for each Common Share held on all ballots taken at all meetings of shareholders of the Corporation, except meetings at which only holders of another specified class or series of shares of the Corporation are entitled to vote. Subject to the provisions of the OBCA, holders of Common Shares are not entitled to vote separately on, or to dissent in respect of, any proposal to amend the articles of the Corporation to: (a) increase or decrease any maximum number of authorized Common Shares or increase any maximum number of authorized shares of a class or series of shares having rights or privileges equal or superior to the Common Shares; (b) effect an exchange, reclassification or cancellation of all or part of the Common Shares; or (c) create a new class or series of shares equal or superior to the Common Shares.

### **Record Date**

The board of directors (the "**Board**") of the Corporation has fixed November 14, 2018 as the record date for the determination of the shareholders of the Corporation entitled to receive notice of the Meeting. Shareholders of record of the Corporation at the close of business on November 14, 2018 will be entitled to vote at the Meeting and at all adjournments thereof.

### **Ownership of Securities of the Corporation**

As of November 14, 2018, to the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owned, or controlled or directed, directly or indirectly, voting securities of the Corporation carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation, except as stated below.

<b>Name</b>	<b>Number of Common Shares Beneficially Owned, Controlled or Directed</b>	<b>Percentage of Outstanding Common Shares Beneficially Owned, Controlled or Directed</b>
Palisade Global Investments Ltd.	8,327,100 <sup>(1)</sup>	19.53%

**Note:**

- (1) The information as to the number and percentage of Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained from the System for Electronic Disclosure by Insiders (SEDI).

## **BUSINESS OF THE MEETING**

The purpose of this Meeting is to consider and take action on the following matters:

### **Receiving the Financial Statements**

The financial statements of the Corporation for the financial year ended June 30, 2018 have been mailed to the Corporation's registered and beneficial shareholders who requested to receive them. The financial statements are also available on SEDAR at [www.sedar.com](http://www.sedar.com). The financial statements of the Corporation for the financial year ended June 30, 2018 will be placed before the Meeting.

### **Election of Directors**

The Board has fixed the number of directors to be elected at five. Accordingly, at the Meeting, shareholders of the Corporation will be asked to elect five directors for the ensuing year. Each director elected will hold office until the close of the next annual meeting of the shareholders of the Corporation following his election unless his office is earlier vacated in accordance with the by-laws of the Corporation.

The following table sets forth certain information regarding each of the persons proposed to be nominated for election as a director of the Corporation, including their name, position, province or state and country of residence, principal occupation, business or employment, date on which they became a director of the Corporation and the number of Common Shares beneficially owned, or controlled or directed, directly or indirectly, by them.

<b>Name, Position and Province or State and Country of Residence</b>	<b>Principal Occupation, Business or Employment</b>	<b>Date Became Director</b>	<b>Number of Common Shares Beneficially Owned or Controlled or Directed<sup>(1)</sup></b>
<b>John Anderson</b> Chairman & Director British Columbia, Canada	Executive Chairman of Triumph Gold Corp. (mining company) since December 2014; Director of Triumph Gold Corp. since January 2010.	May 26, 2017	100,000
<b>Gorden Glenn</b> Director Ontario, Canada	President, Chief Executive Officer and Director of Minnova Corp. (mining company) since May 2012; Director of Intercontinental Gold and Metals Ltd. since September 2013; and Director of Aurora Gold Corp. since November 2013.	August 29, 2012	65,500
<b>Carl Hering</b> Chief Executive Officer and Director Colorado, USA	Chief Executive Officer of the Corporation since September 17, 2018; Independent Consultant; Director of Brixton Metals Corporation (mining company) since July 2016.	September 17, 2018	Nil

Name, Position and Province or State and Country of Residence	Principal Occupation, Business or Employment	Date Became Director	Number of Common Shares Beneficially Owned or Controlled or Directed <sup>(1)</sup>
<b>Brian Robertson</b> President and Director Ontario, Canada	President of the Corporation since September 21, 2009 (and Chief Executive Officer of the Corporation from September 21, 2009 to September 17, 2018; Director of Romios Gold Resources Inc. (mining company) since June 2008; Director of Minnova Corp. (mining company) since October 2009; Director of Appia Energy Corp. (energy company) since June 2008.	September 21, 2009	1,210,070
<b>Ali Zamani</b> Director New York, United States	Managing Partner of Overlook Investments LLC since January 2016; Portfolio Manager at Gefinor Capital Management and Chief Investment Officer of the GEF Opportunities Fund from 2014 to 2015; Principal at SLZ Capital Management from 2012 to 2013; Portfolio Manager at Goldman Sachs & Co from 2004 to 2012.	February 23, 2017	1,340,000

**Note:**

- (1) The information as to the number of Common Shares beneficially owned or controlled or directed has been furnished by the respective nominee.

The Board currently has two committees, being the compensation committee (the "**Compensation Committee**") and the audit committee (the "**Audit Committee**"). The members of the Compensation Committee are John Anderson, Gorden Glenn and Ali Zamani. The members of the Audit Committee are Gorden Glenn, John Anderson and Ali Zamani. Information with respect to the Audit Committee is set out below under the heading "*Audit Committee Disclosure*".

None of the proposed nominees for election as a director of the Corporation is, or has been, within the ten years prior to the date hereof, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days and that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer or that was issued after that person 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 such capacity, other than as set out forth below:

Mr. Glenn was a director and an officer of Intercontinental Gold and Metals Ltd. which was subject to a management cease trade order resulting from a failure to file financial statements as issued by the BCSC on July 30, 2015. The cease trade order was revoked on September 22, 2015.

Messrs. Anderson, Glenn, and Zamani were directors of Intercontinental Gold and Metals Ltd. which was subject to a management cease trade order resulting from a failure to file financial statements as issued on August 2, 2018 (BCSC). Intercontinental Gold and Metals Ltd. was subject to a cease trade order from a failure to file financial statements as issued on October 5, 2018 (BCSC). The cease trade order was revoked on October 9, 2018.

None of the proposed nominees for election as a director of the Corporation is, or has been, within the ten years prior to the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of the proposed nominees for election as a director of the Corporation has, within the ten years prior to the date hereof, 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 his assets.

None of the proposed nominees for election as a director of the Corporation has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

**The persons named in the form of proxy accompanying this Circular intend to vote FOR the election of each of the proposed nominees whose names are set forth above, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the election of such nominee.** Management of the Corporation does not contemplate that any of the nominees will be unable to serve as a director of the Corporation for the ensuing year, however, if that should occur for any reason prior to the Meeting or any adjournment thereof, the persons named in the form of proxy accompanying this Circular have the right to vote for the election of the remaining nominees and may vote for the election of a substitute nominee at their discretion.

#### **Appointment of Auditor**

It is proposed that Grant Thornton LLP ("**Grant Thornton**") be appointed as the auditor of the Corporation to hold office until the close of the next annual meeting of the shareholders of the Corporation and that the directors of the Corporation be authorized to set the auditor's remuneration. Grant Thornton is currently the auditor of the Corporation. Grant Thornton was first appointed as the auditor of the Corporation effective October 13, 2011.

**The persons named in the form of proxy accompanying this Circular intend to vote FOR the appointment of Grant Thornton as the auditor of the Corporation until the close of the next annual meeting of the shareholders of the Corporation or until its successor is appointed and the authorization of the Board to fix the remuneration of Grant Thornton, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be withheld from voting in respect of the appointment of Grant Thornton as the auditor of the Corporation.**

#### **Approval of the Option Plan**

The amended and restated share option plan of the Corporation (the "**Option Plan**") was last approved by the shareholders of the Corporation on November 14, 2017. Pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"), the Corporation is required to obtain shareholder approval of the Option Plan each year because the Option Plan is a "rolling" maximum option plan whereby the maximum number of Common Shares that may be reserved for issue and which can be purchased upon the exercise of all options granted under the Option Plan is fixed at 10% of the outstanding Common Shares from time to time.

A copy of the Option Plan is available to any shareholder of the Corporation at or prior to the Meeting upon request to the Secretary of the Corporation and is also attached hereto as Schedule "A". Set forth below is a

summary of the Option Plan. The following summary is qualified in all respects by the provisions of the Option Plan. Reference should be made to the Option Plan for the complete provisions thereof.

### *Summary of the Option Plan*

#### *Purpose, Administration and Eligible Participants*

The purpose of the Option Plan is to advance the interests of the Corporation through the motivation, attraction and retention of key employees, consultants and directors of the Corporation and designated affiliates of the Corporation and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of Common Shares by key employees, consultants and directors of the Corporation and designated affiliates of the Corporation through the granting of non-transferable options ("**Options**") to eligible participants under the Option Plan. The Option Plan is administered by a committee (the "**Committee**") of the Board authorized to carry out such administration or, failing a committee being so designated, by the Board.

Subject to the provisions of the Option Plan, the Committee has the authority to select those persons to whom Options are granted. Eligible participants under the Option Plan include the directors, officers and employees (including both full-time and part-time employees) of the Corporation or of any designated affiliate of the Corporation and any person or corporation engaged to provide ongoing management, advisory or consulting services for the Corporation or a designated affiliate of the Corporation or any employee of such person or corporation.

#### *Common Shares Subject to the Option Plan*

The aggregate number of Common Shares reserved for issue and which can be purchased upon the exercise of all Options granted under the Option Plan may not exceed 10% of the Common Shares outstanding from time to time. The Option Plan is a "rolling" maximum share option plan, and any increase or reduction in the number of outstanding Common Shares will result in an increase or reduction, respectively, in the number of Common Shares that are available to be issued under the Option Plan.

If Options granted under the Option Plan are surrendered, terminated or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options.

The maximum number of Common Shares reserved for issue pursuant to Options to participants who are insiders of the Corporation in any 12-month period may not exceed, in the aggregate, 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Exchange.

The maximum number of Common Shares reserved for issue to any one participant upon the exercise of Options in any 12-month period shall not exceed 5% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Exchange. The maximum number of Common Shares reserved for issue to any one other participant upon the exercise of Options in any 12-month period shall not exceed 2% of the number of Common Shares then outstanding. The maximum number of Common Shares reserved for issue to all Eligible Employees and to all other participants conducting Investor Relations Activities (as such terms are defined in the policies of the Exchange) upon the exercise of Options in any 12-month period shall not exceed, in the aggregate, 2% of the number of Common Shares then outstanding. Options granted to Other Participants performing Investor Relations Activities shall vest in stages over a 12-month period, with no more than one quarter of the Options vesting in any three month period. The Board shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Corporation by all optionees performing Investor Relations Activities.

As of the date hereof, there were 4,065,466 Common Shares reserved for issue upon the exercise of outstanding Options.

*Exercise Price of Options*

The exercise price of any Option may not be less than the closing price of the Common Shares on the principal stock exchange on which the Common Shares are listed on the last trading day immediately preceding the date of grant of the Option less the maximum discount, if any, permitted by such stock exchange. As long as the Common Shares are listed on the Exchange, the exercise price is subject to a minimum price of \$0.05.

*Expiry Date of Options*

Each Option, unless sooner terminated pursuant to the provisions of the Option Plan, will expire on a date to be determined by the Committee at the time the Option is granted, subject to amendment by an employment contract, which date cannot be later than ten years after the date the Option is granted. However, if the expiry date falls within a "blackout period" or within ten business days of the expiry of a "blackout period", then the expiry date of the Option will be the date which is ten business days after the expiry of the "blackout period".

*Vesting and Exercise of Options*

Except as otherwise provided in the Option Plan or in any employment contract, each Option may be exercised during the term of the Option only in accordance with the vesting schedule, if any, determined by the Committee at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option, subject to applicable regulatory requirements. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option will be exercisable in whole at any time, or in part from time to time, during the term of the Option.

*Effect of Termination*

If a participant under the Option Plan shall:

- (a) cease to be a director of the Corporation or of the designated affiliates of the Corporation (and is not or does not continue to be an employee thereof) for any reason (other than death); or
- (b) cease to be employed by, or provide services to, the Corporation or the designated affiliates of the Corporation (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Corporation or the designated affiliates of the Corporation, for any reason (other than death) or shall receive notice from the Corporation or any designated affiliate of the Corporation of the termination of his employment contract;

(such cessation, or the earlier of such cessation or receipt of a notice of termination, as the case may be, being referred to as a "Termination"), except as otherwise provided in any employment contract or the terms and conditions of any Option,

- (c) in situations of Termination not for cause, such participant may, but only within the 90 days (unless such period is extended by the Committee and approval is obtained from the stock exchange on which the Common Shares trade), or 30 days if the participant was conducting investor relations (unless such period is extended by the Committee and approval is obtained from the stock exchange on which the Common Shares trade), next succeeding such Termination, exercise the Options to the extent that such participant was entitled to exercise such Options at the date of such Termination, or, in the case where there is no date of Termination, at the date of Termination, and

- (d) in situations other than a Termination not for cause, such participant may, but only within the 90 days next succeeding such Termination, exercise the Options to the extent that such participant was entitled to exercise such Options at the date of such Termination.

Notwithstanding the foregoing or any employment contract, in no event shall such right extend beyond the Option Period (as defined in the Option Plan).

*Consolidation, Merger, etc.*

If there is a consolidation, merger or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities or a sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation to another entity, upon the exercise of an Option under the Option Plan the holder thereof is entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had exercised the Option immediately prior to the effective time of such event, unless the Committee otherwise determines the basis upon which such Option shall be exercisable.

*Securities Exchange Take-Over Bid*

If a take-over bid (within the meaning of the *Securities Act* (Ontario)) is made as a result of which all of the outstanding Common Shares are acquired by the offeror through compulsory acquisition provisions of the incorporating statute of the Corporation or otherwise, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all optionees requiring them to surrender their Options within ten days of the mailing of such notice, and the optionees shall be deemed to have surrendered such Options on the tenth day after the mailing of such notice without further formality, provided that, among other things, the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement options to the optionees exercisable for the equity securities offered as consideration.

*Acceleration on Take-Over Bid, Consolidation or Merger*

In the event that (a) the Corporation seeks or intends to seek approval from the shareholders of the Corporation for a transaction which, if completed, would constitute an Acceleration Event (as hereinafter defined), or (b) a person makes a bona fide offer or proposal to the Corporation or the shareholders of the Corporation which, if accepted or completed, would constitute an Acceleration Event, then the Corporation is required to send notice to all optionees of such transaction, offer or proposal as soon as practicable. Provided that the Committee has determined that no adjustment will be made under the provisions of the Option Plan described above under the heading "*Consolidation, Merger, etc.*", (i) the Committee may by resolution, and notwithstanding any vesting schedule applicable to any Option, permit all Options outstanding which have restrictions on their exercise to become immediately exercisable during the period specified in the notice (but in no event later than the applicable expiry date of an Option), so that the optionee may participate in such transaction, offer or proposal, and (ii) the Committee may accelerate the expiry date of such Options and the time for the fulfillment of any conditions or restrictions on such exercise. An "Acceleration Event" means an acquisition by any offeror of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Corporation, any consolidation, merger or statutory amalgamation or arrangement of the Corporation with or into another corporation and pursuant to which the Corporation will not be the surviving entity (other than a transaction under which the shareholders of the Corporation immediately prior to completion of the transaction will have the same proportionate ownership of the surviving corporation), a separation of the business of the Corporation into two or more entities, a sale, lease, exchange or other transfer of all or substantially all of the assets of the Corporation to another entity or the approval by shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

*Amendments, Modifications and Changes*

The Committee may from time to time in the absolute discretion of the Committee, subject to the applicable requirements of the principal stock exchange on which the Common Shares are listed, amend, modify and change the provisions of the Option Plan or any Options, provided, however, that any amendment, modification or change to the provisions of the Option Plan or any Options which would (a) materially increase the benefits under the Option Plan or any Options, (b) increase the number of Common Shares, other than as provided for pursuant to the terms of the Option Plan concerning capital reorganizations, which may be issued pursuant to the Option Plan, or (c) materially modify the requirements as to eligibility for participation in the Option Plan, will only be effective upon such amendment, modification or change being approved by the shareholders of the Corporation and, if required, by any stock exchange or any other regulatory authority having jurisdiction over the securities of the Corporation. In addition, if an optionee is an insider of the Corporation at the time of an amendment, modification or change that would materially increase the benefits under any of his or her Options, the Corporation must obtain disinterested shareholder approval.

***Shareholder Approval of the Option Plan***

At the Meeting, shareholders of the Corporation will be asked to consider and, if deemed advisable, to pass, with or without variation, a resolution (the "**Option Plan Resolution**") confirming and approving the Option Plan. The full text of the Option Plan Resolution is set out in Schedule "B" attached hereto. In order to be passed, the Option Plan Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting. **The directors of the Corporation unanimously recommend that shareholders vote FOR the Option Plan Resolution. The persons named in the form of proxy accompanying this Circular intend to vote FOR the Option Plan Resolution, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be voted against the Option Plan Resolution.**

**Approval of Grant of Options to Insiders**

On October 17, 2017 Shaun Drake and Brian Robertson, each an Insider to the Corporation, voluntarily surrendered 74,000 options in the aggregate that were previously granted to them under the Share Option Plan (the "**2017 Option Surrender**"). On April 20, 2018, the Board has approved the grant of 74,000 of options to Messrs. Drake and Robertson under the Share Option Plan (the "**April 2018 Grant**"). Mr. Drake was granted 10,000 options and Mr. Robertson was granted 64,000 options. The options granted pursuant to the April 2018 Grant can be exercised into Common Shares at the price of \$0.39 until April 20, 2028.

Under the terms of the Share Option Plan and in accordance with the policies of the TSX Venture Exchange, a grant of options to grantees whose options were cancelled within the preceding calendar year requires an approval of disinterested shareholders of the Corporation. Accordingly, the options granted pursuant to April 2018 Grant, are required to be approved by disinterested shareholders of the Corporation.

Approval by disinterested shareholders of the April 2018 Grant requires an approval by the majority of votes cast at the Meeting excluding the votes attached to Common Shares beneficially held by Messrs. Drake and Robertson, being Common Shares, being 1,217,570 Common Shares in the aggregate.

At the Meeting, shareholders of the Corporation, excluding Messrs. Drake and Robertson, will be asked to consider and, if deemed advisable, to pass, with or without variation, a resolution (the "**April 2018 Grant Resolution**") confirming and approving the April 2018 Grant. The full text of the April 2018 Grant Resolution is set out in Schedule "B-II" attached hereto. In order to be passed, the Option Plan Resolution requires the approval of a majority of the votes cast thereon by shareholders of the Corporation present in person or represented by proxy at the Meeting, excluding the votes of Messrs. Drake and Robertson. **The directors of the Corporation unanimously recommend that shareholders vote FOR the April 2018 Grant Resolution.**

**The persons named in the form of proxy accompanying this Circular intend to vote FOR the Option Plan Resolution, unless the shareholder of the Corporation who has given such proxy has directed that the Common Shares represented by such proxy be voted against the April 2018 Grant Resolution.”**

#### **OTHER BUSINESS**

Management of the Corporation is not aware of any matters to come before the Meeting other than those set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Circular to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

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

Other than as set forth herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, of any proposed nominee for election as a director of the Corporation, or of any associate or affiliate of any such persons, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

The purpose of this section is to describe the compensation of the "Named Executive Officers" of the Corporation and the directors of the Corporation and the decision-making process relating to compensation in accordance with Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* of the Canadian Securities Administrators. "Named Executive Officer" refers to each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief executive officer, each individual who, in respect of the Corporation, during any part of the most recently completed financial year, served as chief financial officer, and, in respect of the Corporation and its subsidiaries, the most highly compensated executive officer, other than any chief executive officer and any chief financial officer, at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year. The Named Executive Officers of the Corporation for the financial year ended June 30, 2018 were Brian Robertson, the President and Chief Executive Officer of the Corporation (*who resigned as Chief Executive Officer on September 17, 2018 and remains the President of the Corporation*) and Gavin Nelson, the Chief Financial Officer of the Corporation. No other executive officer of the Corporation received total compensation, including salary, bonus and all other compensation, from the Corporation aggregating in excess of \$150,000 for the financial year of the Corporation ended June 30, 2018.

#### **Director and Named Executive Officer Compensation, Excluding Compensation Securities**

The following table discloses all compensation paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation, or a subsidiary of the Corporation, to each Named Executive Officer and director, other than stock options and other compensation securities, for each of the two most recently completed financial years.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Brian Robertson, President and Director <sup>(1)</sup>	2018	147,532	nil	nil	nil	3,732	151,264
	2017	147,672	nil	nil	nil	7,105	154,777
Gavin Nelson, Chief Financial Officer	2018	18,000	nil	nil	nil	nil	18,000
	2017	1,500	nil	nil	nil	nil	1,500
John Anderson, Chairman of the Board and Director <sup>(2)</sup>	2018	12,000	nil	nil	nil	nil	12,000
	2017	1,000	nil	nil	nil	nil	1,000
Gorden Glenn, Director	2018	12,000	nil	nil	nil	nil	12,000
	2017	12,000	nil	nil	nil	nil	12,000
Ali Zamani, Chairman of the Board and Director <sup>(2)</sup>	2018	12,000	nil	nil	nil	nil	12,000
	2017	1,000	nil	nil	nil	nil	1,000

**Notes:**

- (1) All of Brian Robertson's compensation was paid in respect of his role as an officer of the Corporation and not in respect of his capacity as a director of the Corporation. Mr. Robertson resigned as Chief Executive Officer on September 17, 2018 and remains the President of the Corporation.
- (2) Ali Zamani resigned as Chairman of the Board on September 17, 2018 and John Anderson was appointed as Chairman of the Board on September 17, 2018.

**Stock Options and Other Compensation Securities**

The following table discloses all compensation securities granted or issued to each Named Executive Officer and director by the Corporation or one of its subsidiaries in the financial year of the Corporation ended June 30, 2018 for services provided or to be provided, directly or indirectly, to the Corporation or any of its subsidiaries.



Exercise of Compensation Securities by Directors and Named Executive Officers							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$) <sup>(1)</sup>
John Anderson, Chairman of the Board and Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Gorden Glenn, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ali Zamani, Director	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Notes:**

- (1) "Total value on exercise date" is equal to the "number of underlying securities exercised" multiplied by the "difference between exercise price and closing price on date of exercise".

**Stock Option Plans and Other Incentive Plans**

Long-term incentive compensation is provided to executive officers and directors by granting Options under the Option Plan.

All of the Corporation's employees, officers, directors and other service providers are eligible to participate in the Option Plan. Participants in the Option Plan benefit only if the market value of the Common Shares at the time of Option exercise is greater than the exercise price of the Options determined with reference to the market price of the Common Shares at the time of grant, thereby motivating holders of Options, including executive officers, to achieve longer-term sustainable business results and align their interests with those of the shareholders of the Corporation. Consistent with other junior mining companies who do not have a source of revenue (other than interest from funds on deposit), management of the Corporation believes that security based compensation arrangements and similar plans are a critical component of the Corporation's compensation arrangements and are necessary and vital to attracting and retaining key individuals.

Options are awarded by the directors in a manner that ensures that the total number of Options granted to any particular individual, including previous grants of Options, is commensurate with the individual's level of ongoing responsibility within the Corporation. Generally, all employees, officers and directors are eligible for an annual award of Options.

A summary of the Option Plan is set out under the heading "*Business of the Meeting – Approval of the Option Plan*" above. The full text of the Option Plan is attached as Schedule "A" hereto.

**Employment, Consulting and Management Agreements**

*Brian Robertson*

Brian Robertson, the President of the Corporation, is compensated for his services to the Corporation pursuant to the terms of an employment agreement (the "**Robertson Employment Agreement**") with the Corporation. Mr. Robertson resigned as the Chief Executive Officer of the Corporation on September 17, 2018 but remains as the President of the Corporation with no effect on the Robertson Employment Agreement. The Robertson Employment Agreement provides for both fixed compensation, comprised of base salary, and performance-based variable incentive compensation, comprised of an annual bonus and long-term incentives in the form of

awards under the Option Plan. Under the Robertson Employment Agreement, Mr. Robertson receives a base salary of \$177,375 per year, subject to annual review, plus regular employee benefits as may be set from time to time by the Board. Mr. Robertson is also eligible to receive an annual bonus by way of a performance bonus based on criteria and milestones set by the Board and achieved by Mr. Robertson. Under the Robertson Employment Agreement, Mr. Robertson is entitled to four weeks of paid vacation annually and is eligible to be granted Options under the Option Plan.

On May 11, 2017, the Corporation and Mr. Robertson entered into a letter agreement (the "Robertson Letter") to amend the terms and conditions of the Robertson Employment Agreement and confirm the terms of Mr. Robertson's compensation for the period of January 1, 2017 to December 31, 2017. Pursuant to the Robertson Letter, Mr. Robertson's base salary was reduced to from \$177,375 to \$95,000 for the period from January 1, 2017 to December 31, 2017. On January 4, 2018, Mr. Robertson entered into an Employment Agreement that restored his base salary at a rate of \$177,375, effective January 1, 2018.

Pursuant to the Robertson Employment Agreement, the Corporation may terminate the employment of Mr. Robertson without cause by providing him with written notice or pay in lieu of such notice equal to the greater of (i) six months, or (ii) six months for each completed year of service by Mr. Robertson up to a maximum of twelve months (in this section, the "**Termination Period**"). In the event that the Corporation terminates the employment of Mr. Robertson without cause, he will be entitled to: (i) continue to receive his annual salary as a salary continuation or a lump sum payment, or some combination thereof in the Corporation's sole discretion, for the duration of the Termination Period; and (ii) to the extent permitted by the Corporation's benefit carriers, remain eligible for group benefits coverage during the Termination Period (with the exception of life insurance and disability coverage), or in the event that the Corporation is not permitted by the Corporation's benefits carriers to continue any benefit until the end of the Termination Period, a monthly allowance equal to the premiums that the Corporation would have paid to provide the benefit to Mr. Robertson during the Termination Period, less applicable statutory benefits and withholdings. In addition, if the Corporation terminates Mr. Robertson for any reason without Cause (as defined in the Robertson Employment Agreement), any Options granted by the Corporation to Mr. Robertson that have not yet vested will immediately vest and Mr. Robertson will be entitled to exercise all Options held by him pursuant to the terms of the then-current Option Plan.

In the event that there is a Change of Control (as defined in the Robertson Employment Agreement) and Mr. Robertson's employment is terminated following the Change of Control, such termination will be deemed to be a termination without cause by the Corporation, and Mr. Robertson will be entitled to receive twenty-four (24) months' pay in lieu of notice. In addition, in the event of termination pursuant to a Change of Control, any Options granted by the Corporation to Mr. Robertson that have not yet vested will immediately vest and Mr. Robertson will be entitled to exercise all Options held by him pursuant to the terms of the then-current Option Plan.

Under the Robertson Employment Agreement, the definition of Change of Control includes the following events: (i) there is any change in the holding, directly or indirectly, of securities of the Corporation or of any voting rights attached to any securities of the Corporation, as a result of which any corporation or other person, or a group of corporations or persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)), or corporations or persons associated with or affiliated with any such corporation, person or group (within the meaning of the *Securities Act* (Ontario)), would be entitled to cast 50% plus one or more of the votes attached to all shares of the Corporation that may be cast to elect directors of the Corporation (regardless of whether a meeting has been called to elect directors); (ii) all resolutions of the shareholders of the Corporation necessary to permit such an acquisition are approved by shareholders; (iii) Incumbent Directors cease to constitute a majority of the Board (an "**Incumbent Director**" being any member of the Board who is a member of the Board immediately prior to the occurrence of a transaction, transactions or elections giving rise to a Change of Control); (iv) subject to certain provisions, the sale or transfer of more than 50% of the property or assets of the Corporation; (v) all resolutions of the shareholders of the Corporation necessary to permit such

a sale or transfer are approved by shareholders; and (vi) the Board adopts a resolution to the effect that a Change of Control has occurred or is imminent.

The total estimated incremental payments, payables and benefits to Mr. Robertson in the event of termination of his employment without Cause, as if such event occurred on the last business day of the most recently completed financial year of the Corporation, is \$177,375. The total estimated incremental payments, payables and benefits to Mr. Robertson in the event of termination pursuant to a Change of Control, as if such termination occurred on the last business day of the most recently completed financial year of the Corporation, is \$354,750. Each such amount represents a lump sum in terms of salary and the estimated cost of benefits.

*Gavin Nelson*

Gavin Nelson, the Chief Financial Officer of the Corporation effective June 1, 2017, is compensated for his services to the Corporation pursuant to the terms of an employment agreement (the "**Nelson Employment Agreement**") with the Corporation. The Nelson Employment Agreement provides for both fixed compensation, comprised of base salary, and long-term incentives in the form of awards under the Option Plan. Under the Nelson Employment Agreement, Mr. Nelson receives a base salary of \$18,000 per year, subject to annual review, plus regular employee benefits as may be set from time to time by the Board.

Pursuant to the Nelson Agreement, the Corporation may terminate the employment of Mr. Nelson without cause by providing him with written notice or pay in lieu of such notice equal to the greater of (i) three months, or (ii) two months for each completed year of service by Mr. Nelson up to a maximum of twelve months (in this section, the "**Termination Period**"). In the event that the Corporation terminates the employment of Mr. Nelson without cause, he will be entitled to: (i) continue to receive his annual salary as a salary continuation or a lump sum payment, or some combination thereof in the Corporation's sole discretion, for the duration of the Termination Period; and (ii) to the extent permitted by the Corporation's benefit carriers, remain eligible for group benefits coverage during the Termination Period (with the exception of life insurance and disability coverage), or in the event that the Corporation is not permitted by the Corporation's benefits carriers to continue any benefit until the end of the Termination Period, a monthly allowance equal to the premiums that the Corporation would have paid to provide the benefit to Mr. Nelson during the Termination Period, less applicable statutory benefits and withholdings. In addition, if the Corporation terminates Mr. Nelson for any reason without Cause (as defined in the Nelson Employment Agreement), any Options granted by the Corporation to Mr. Nelson that have not yet vested will immediately vest and Mr. Nelson will be entitled to exercise all Options held by him pursuant to the terms of the then-current Option Plan.

In the event there is a Change of Control (as defined in the Nelson Employment Agreement) and Mr. Nelson resigns his employment at any time within a 90-day period immediately following the Change of Control, such resignation will be deemed to be a termination without Cause by the Corporation. In addition, in the event of a termination pursuant to a Change of Control, any Options granted by the Corporation to Mr. Nelson that have not yet vested will immediately vest and Mr. Nelson will be entitled to exercise all Options held by him pursuant to the terms of the then-current Option Plan. However, in the event that the Corporation terminates Mr. Nelson for Cause, or Mr. Nelson resigns his employment (at any time other than the 90-day period immediately following a Change of Control), then any Options held by Mr. Nelson that have not vested will immediately terminate as of the effective date of Mr. Nelson's resignation or termination of his employment for Cause.

Under the Nelson Employment Agreement, the definition of Change of Control includes the following events: (i) there is any change in the holding, directly or indirectly, of securities of the Corporation or of any voting rights attached to any securities of the Corporation, as a result of which any corporation or other person, or a group of corporations or persons acting jointly and in concert (within the meaning of the *Securities Act* (Ontario)), or corporations or persons associated with or affiliated with any such corporation, person or group (within the meaning of the *Securities Act* (Ontario)), would be entitled to cast 50% plus one or more of the votes attached to all shares of the Corporation that may be cast to elect directors of the Corporation (regardless

of whether a meeting has been called to elect directors); (ii) all resolutions of the shareholders of the Corporation necessary to permit such an acquisition are approved by shareholders; (iii) Incumbent Directors (as defined in the Nelson Employment Agreement) cease to constitute a majority of the Board of the Corporation (an "**Incumbent Director**" being any member of the Board of the Corporation who is a member of the Board immediately prior to a Change of Control); (iv) subject to certain provisions, the sale or transfer of more than 50% of the property or assets of the Corporation; (v) all resolutions of the shareholders of the Corporation necessary to permit such a transfer are approved by shareholders; and (vi) the Board adopts a resolution to the effect that a Change of Control has occurred or is imminent.

The total estimated incremental payments, payables and benefits to Mr. Nelson in the event of termination of his employment without Cause, as if such event occurred on the last business day of the most recently completed financial year of the Corporation, is \$4,500. The total estimated incremental payments, payables and benefits to Mr. Nelson in the event of termination pursuant to a Change of Control, as if such termination occurred on the last business day of the period of the most recently completed financial year of the Corporation, is \$4,500. Each such amount represents a lump sum in terms of salary and the estimated cost of benefits.

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

### ***Philosophy and Objectives of Compensation Program***

The executive compensation program of the Corporation is administered by the directors of the Corporation. The directors of the Corporation review and make decisions in respect of compensation matters relating to the executive officers, employees, consultants and directors of the Corporation, ensuring consistent application of matters relating to remuneration and ensuring that executive remuneration is consistent with industry standards. The directors of the Corporation believe that the Corporation should provide a compensation package that is competitive and motivating, that will attract, hold and inspire qualified executives, that will encourage performance by executives to enhance the growth and development of the Corporation and that will balance the interests of the executives and the shareholders of the Corporation. Achievement of these objectives is expected to contribute to an increase in shareholder value.

The compensation of the Named Executive Officers consists of a base salary, short term incentive (bonus) and long-term incentive (stock options). The directors of the Corporation review the compensation of the President, Chief Executive Officer and the senior officers on an annual or as-needed basis.

All members of the Board have significant experience with various public mining companies and have dealt with all aspects of operations, including compensation. This experience enables the directors to make decisions on the suitability of the Corporation's compensation policies and practices.

The Corporation has not retained a compensation consultant or advisor at any time since the Corporation's most recently completed financial year.

Non-executive directors of the Corporation are paid a fee of \$12,000 per annum as compensation for their services in their capacity as directors. The Board determines director compensation policies on a yearly basis. These fees are currently being accrued by the Corporation.

### ***Elements of Executive Compensation***

Executives of the Corporation receive compensation in the form of fixed compensation, short-term incentive compensation and long-term equity-based incentive compensation.

Fixed compensation in the form of base salary is designed to provide income certainty and to attract and retain executives, and is therefore based on the assessment of a number of factors such as current competitive market

conditions, experience of the directors of the Corporation with other issuers in the industry and factors particular to the executive, including individual performance, the scope of the executive's role with the Corporation and retention considerations. The board considers available market data for companies in comparable industries and of a similar size, although a specific benchmark is not targeted and a formal peer group has not been established.

In addition to base salary, the Corporation may award executives with short-term incentive awards in the form of an annual bonus. Annual bonuses are intended to provide short-term incentives to executives and to reward them for their yearly individual contribution and performance of personal objectives in the context of overall annual corporate performance. The amount is not pre-established and is at the discretion of the directors of the Corporation. While there is no target amount for an annual bonus, other than as may be set out in an executive's employment agreement, the directors of the Corporation review similar factors as those discussed above in relation to base salary.

Equity incentive awards are designed to, among other things, motivate executives to achieve longer-term sustainable business results and align their interests with those of the shareholders, since grantees of equity incentive awards benefit only if the market value of the Common Shares determined with reference to the market price of the Common Shares at the time the Options are exercised is greater than the exercise price of the Options at the time of grant. Awards are based on a variety of factors, such as the need to attract or retain key individuals, competitive market conditions and internal equity. The amounts and terms of historical and outstanding awards are taken into account from time to time when determining whether and in what amount to make new awards.

The allocation of an executive's compensation to these different elements is not based on a formula, but rather is intended generally to reflect market practices and realities as well as the discretionary assessment by the directors of the Corporation of his or her past contribution and ability to contribute to future short and long-term business results. The directors rely on their experience as officers and directors of other companies in assessing appropriate compensation levels.

### ***Hedging***

Currently, Named Executive Officers and directors are not permitted to purchase financial instruments designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by a Named Executive Officer or director.

### **Directors and Officers Liability Insurance**

The Corporation has directors' and officers' liability insurance for the benefit of the directors and officers of the Corporation, which provides coverage in the aggregate of \$5,000,000 in each policy year. The deductible amount on the policy is \$25,000 and the total annual premium for the policy year of September 3, 2017 to September 3, 2018 was \$9,720.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth, as of the date hereof, information concerning securities authorized for issue under equity compensation plans of the Corporation.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by securityholders	4,065,466	0.44	197,210
Equity compensation plans not approved by securityholders	n/a	n/a	n/a
Total	4,065,466	0.44	197,210

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, no individual who is an employee, executive officer, director, former employee, former executive officer or former director of the Corporation, no nominee for election as a director of the Corporation and no associate of any such individual is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, indebted to the Corporation or any of its subsidiaries or to another entity where the indebtedness is, or at any time since the beginning of the most recently completed financial year of the Corporation has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## AUDIT COMMITTEE DISCLOSURE

### Audit Committee Charter

The full text of the Audit Committee charter is attached as Schedule "C" to this Circular.

### Composition, Education and Experience

The members of the Audit Committee are Gorden Glenn, John Anderson and Ali Zamani, all of whom are considered to be independent of the Corporation for the purposes of National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators ("**NI 52-110**"). All of the members of the Audit Committee are considered to be financially literate for the purposes of NI 52-110.

Each member of the Audit Committee has extensive experience in dealing with financial statements, accounting issues, internal control and other related matters relating to public resource-based companies. Mr. Anderson is a senior level businessman with experience in financial matters. Mr. Glenn has held various management positions with a number of Canadian banks and securities firms focused on large, medium and small capital mining and exploration companies. His financial market experience includes mine finance, mergers and acquisitions and project evaluation. Mr. Zamani has a B.S. in Economics from the Wharton School of Business and has over 15 years' experience working in the financial industry as an Analyst for Wasserstein Perrella, and as a Portfolio Manager with Goldman Sachs.

### **Audit Committee Oversight**

At no time since the commencement of the most recently completed financial year of the Corporation was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board.

### **Reliance on Certain Exemptions**

At no time since the commencement of the most recently completed financial year of the Corporation has the Corporation relied on the exemption in section 2.4 of NI 52-110 (*De Minimis* Non-Audit Services), the exemption in subsection 6.1.1(4) of NI 52-110 (Circumstances Affecting the Business or Operations of the Venture Issuer), the exemption in subsection 6.1.1(5) of NI 52-110 (Events Outside Control of Member), the exemption in subsection 6.1.1(6) of NI 52-110 (Death, Incapacity or Resignation) or an exemption from the application of NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (Exemptions).

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

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

### **External Auditor Service Fees (By Category)**

The aggregate fees billed by Grant Thornton LLP, Chartered Accountants, in 2018 and 2017 were as follows:

<b>Fiscal Year</b>	<b>Audit Fees</b>	<b>Audit-Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
June 30, 2018	20,000	nil	nil	nil
June 30, 2017	15,000	nil	nil	nil

### **Venture Issuer Exemption**

The Corporation is not required to comply with Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110 by virtue of the exemption for venture issuers contained in section 6.1 of NI 52-110.

## **CORPORATE GOVERNANCE DISCLOSURE**

### **Board of Directors**

The Corporation currently has five directors, a majority of whom are considered to be independent. Dr. Hering, the Chief Executive Officer of the Corporation and Mr. Robertson, the President of the Corporation, are members of management and are not considered to be independent of the Corporation for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices*. The remaining three directors of the Corporation are considered to be independent. The independent directors of the Corporation meet on an informal basis without members of management present in order to discuss the business of the Corporation. In the future, it is intended that the independent directors hold regularly scheduled, and ad hoc, meetings at which non-independent directors and members of management are not in attendance.

### **Directorships**

The following directors of the Corporation are also directors of the following other reporting issuers (or the equivalent in a foreign jurisdiction):

**Name of Director**

**Other Reporting Issuers**

John Anderson

Intercontinental Gold and Metals Ltd.  
Miranda Gold Corp.  
Triumph Gold Corp.

Gorden Glenn

Minnova Corp.  
Intercontinental Gold and Metals Ltd.

Carl Hering

Brixton Metals Corporation

Brian Robertson

Romios Gold Resources Inc.  
Minnova Corp.  
Appia Energy Corp.

Ali Zamani

Intercontinental Gold and Metals Ltd.  
DLTA 21 Blockchain Corp.  
LottoGopher Holdings Inc.  
Applied Minerals, Inc.

**Orientation and Continuing Education**

The Board provides ad hoc orientation for new directors. All directors receive a director's manual containing a record of historical public information about the Corporation, copies of the Corporation's charters and other relevant information.

The Board provides continuing education for directors on an ad hoc basis in respect of issues that are necessary for them to understand to meet their obligations as directors. All of the directors are actively involved in their respective areas of expertise.

**Ethical Business Conduct**

The Board has adopted a written code of ethics (the "**Code of Ethics**") for the directors and officers of the Corporation. A copy of the Code of Ethics may be obtained by written request to the Corporation at 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2 or can be obtained from the Corporation's website at [www.mexicangold.ca](http://www.mexicangold.ca). Each director and officer is advised that the Code of Ethics is an obligation and is also advised and given copies of the Corporation's communication policy (whistle blower policy) (the "**Communications Policy**").

The Board advocates a high standard of integrity for all of its members and the Corporation. To this end, all directors and officers are required to read and understand the Corporation's Code of Ethics and Communications Policy.

**Nomination of Directors**

The Board has not established a nominating committee and currently does not have a search committee. The Corporation plans to establish a nominating committee when it determines suitable independent candidates. Currently, new candidates for nomination to the Board are identified based on recommendations from individual directors.

**Compensation**

For a discussion of the Corporation's compensation practices, please see the information under the heading "*Oversight and Description of Director and Named Executive Officer Compensation*".

### **Assessments**

Currently, the Board reviews, on an annual basis, the overall effectiveness of the Board, committees and individual directors.

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

Except as otherwise disclosed herein, no informed person (as that term is defined in NI 51-102) of the Corporation, no proposed nominee for election as a director of the Corporation, nor any associate or affiliate of any of them, has or has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or is reasonably expected to materially affect the Corporation or any of its subsidiaries.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Further financial information is provided in the comparative financial statements and the management's discussion and analysis of the Corporation for the financial year of the Corporation ended June 30, 2018, which have been filed on SEDAR. Shareholders may also obtain these documents, without charge, upon request to the Secretary of the Corporation at its offices located at 1100 Russell Street, Thunder Bay, Ontario, P7B 5N2.

### **APPROVAL**

The contents of this Circular and the sending thereof to the shareholders of the Corporation have been approved by the directors of the Corporation.

DATED at Thunder Bay, Ontario as of this 14<sup>th</sup> day of November, 2018.

BY ORDER OF THE BOARD

(Signed) *Brian E. Robertson*  
President

## SCHEDULE "A"

### Option Plan

#### MEXICAN GOLD CORP.

#### AMENDED AND RESTATED SHARE OPTION PLAN

#### ARTICLE ONE

#### DEFINITIONS AND INTERPRETATION

**Section 1.01 Definitions.** For purposes of this Share Option Plan, unless such capitalized word or term is otherwise defined herein or the context in which such capitalized word or term is used herein otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the following meanings:

- (a) "**Blackout Period**" means a period of time during which (i) the trading guidelines of the Corporation, as amended or replaced from time to time, restrict one or more Participants from trading in securities of the Corporation or (ii) the Corporation has determined that one or more Participants may not trade any securities of the Corporation;
- (b) "**Blackout Period Expiry Date**" means the date on which a Blackout Period expires;
- (c) "**Business Day**" means a day on which the Stock Exchange is open for trading;
- (d) "**Committee**" means the Directors or, if the Directors so determine in accordance with section 2.03 hereof, the committee of the Directors authorized to administer this Share Option Plan;
- (e) "**Common Shares**" means the common shares of the Corporation, as adjusted in accordance with the provisions of article five hereof from time to time;
- (f) "**Corporation**" means Mexican Gold Corp., a corporation existing under the *Business Corporations Act* (Ontario), and any successor thereof;
- (g) "**Designated Affiliates**" means the affiliates of the Corporation designated by the Committee for purposes of this Share Option Plan from time to time;
- (h) "**Directors**" means the directors of the Corporation from time to time;
- (i) "**Eligible Directors**" means the Directors or the directors of any Designated Affiliate from time to time;
- (j) "**Eligible Employees**" means employees and officers, whether Directors or not, of the Corporation or any Designated Affiliate, provided that such employees and officers are either individuals who are considered employees under the *Income Tax Act* (Canada) or individuals who work full-time, or on a continuing and regular basis for a minimum amount of time per week, for the Corporation or a Designated Affiliate providing services normally provided by an employee and who are subject to the same control and direction by the Corporation or a Designated Affiliate over the details and methods of work as an employee of the Corporation or a Designated Affiliate, but for whom income tax deductions are not made at source;

- (k) "**Employment Contract**" means any contract between the Corporation or any Designated Affiliate and any Eligible Employee, Eligible Director or Other Participant relating to, or entered into in connection with, the employment or departure of the Eligible Employee, the appointment, election or departure of the Eligible Director or the engagement of the Other Participant or any other agreement to which the Corporation or a Designated Affiliate is a party with respect to the rights of such Participant in respect of a change in control of the Corporation or the termination of employment, appointment, election or engagement of such Participant;
- (l) "**Exercise Price**" has the meaning given to such term in section 3.03 hereof;
- (m) "**Insider**" has the meaning given to such term in the policies of the TSX Venture Exchange;
- (n) "**Option**" means an option to purchase Common Shares granted pursuant to, or governed by, this Share Option Plan;
- (o) "**Optionee**" means a Participant to whom an Option has been granted pursuant to this Share Option Plan;
- (p) "**Option Period**" means the period of time during which the particular Option may be exercised, including as extended in accordance with section 3.04 hereof;
- (q) "**Other Participant**" means, other than an Eligible Director or an Eligible Employee, any person engaged to provide ongoing management, advisory, consulting, technical or other services (other than services provided in relation to a distribution of securities of the Corporation) for the Corporation or a Designated Affiliate, or any employee of such person, under a written contract between the Corporation and such person, and who spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Designated Affiliate and has a relationship with the Corporation or a Designated Affiliate that enables such person to be knowledgeable about the business and affairs of the Corporation or Designated Affiliate, as the case may be;
- (r) "**Participant**" means each Eligible Director, Eligible Employee and Other Participant;
- (s) "**Share Option Plan**" means this share option plan as amended from time to time;
- (t) "**Stock Exchange**" means the TSX Venture Exchange or, if the Common Shares are not then listed on the TSX Venture Exchange, such other principal market on which the Common Shares are then traded as designated by the Committee from time to time;
- (u) "**Termination**" has the meaning given to such term in section 3.11 hereof; and
- (v) "**U.S. Securities Act**" has the meaning given to such term in section 4.02 hereof.

**Section 1.02 Securities Definitions.** In this Share Option Plan, the terms "affiliate", "associate" and "subsidiary" shall have the meaning given to such terms in the *Securities Act* (Ontario).

**Section 1.03 Headings.** The headings of all articles, sections, paragraphs and subparagraphs in this Share Option Plan are inserted for convenience of reference only and shall not affect the construction or interpretation of this Share Option Plan.

**Section 1.04 Context, Construction.** Whenever the singular or masculine are used in this Share Option Plan the same shall be construed as being the plural or feminine or neuter or vice versa where the context so requires. The word "person" shall be given the widest meaning possible and shall include, without limitation, an individual, a corporation, a partnership, a limited partnership or any other unincorporated entity.

**Section 1.05 References to this Share Option Plan.** The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this Share Option Plan as a whole and not to any particular article, section, paragraph, subparagraph or other part hereof.

**Section 1.06 Canadian Funds.** Unless otherwise specifically provided, all references to dollar amounts in this Share Option Plan are references to lawful money of Canada.

## **ARTICLE TWO PURPOSE AND ADMINISTRATION OF THIS SHARE OPTION PLAN**

**Section 2.01 Purpose of this Share Option Plan.** This Share Option Plan provides for the potential acquisition of Common Shares by Participants for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of key employees, directors and consultants of the Corporation and the Designated Affiliates and to secure for the Corporation and the shareholders of the Corporation the benefits inherent in the ownership of Common Shares by key employees, directors and consultants of the Corporation and the Designated Affiliates, it being generally recognized that share incentive plans can aid in attracting, retaining and encouraging employees, directors and consultants due to the opportunity offered to them to acquire a proprietary interest in the Corporation.

**Section 2.02 Administration of this Share Option Plan.** This Share Option Plan shall be administered by the Committee and the Committee shall have full authority to administer this Share Option Plan, including the authority to interpret and construe any provision of this Share Option Plan and to adopt, amend and rescind such rules and regulations for administering this Share Option Plan as the Committee may deem necessary or desirable in order to comply with the requirements of this Share Option Plan, subject in all cases to compliance with regulatory requirements. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and conclusive and shall be binding on the Participants and the Corporation. No member of the Committee shall be personally liable for any action taken or determination or interpretation made in good faith in connection with this Share Option Plan and all members of the Committee shall, in addition to their rights as Directors, be fully protected, indemnified and held harmless by the Corporation with respect to any such action taken or determination or interpretation made. The appropriate officers of the Corporation are hereby authorized and empowered to do all things and execute and deliver all instruments, undertakings and applications and writings as they, in their absolute discretion, consider necessary or desirable for the implementation of this Share Option Plan and of the rules and regulations established for administering this Share Option Plan. All costs incurred in connection with this Share Option Plan shall be for the account of the Corporation. This Share Option Plan shall be administered in accordance with the rules and policies of the TSX Venture Exchange by the Committee so long as the Common Shares are listed on the TSX Venture Exchange.

**Section 2.03 Delegation to Committee.** All of the powers exercisable hereunder by the Directors may, to the extent permitted by applicable law and as determined by resolution of the Directors, be exercised by a committee of the Directors comprised of not less than three Directors.

**Section 2.04 Record Keeping.** The Corporation shall maintain a register in which shall be recorded:

- (a) the name and address of each Optionee;
- (b) the number of Common Shares subject to Options granted to each Optionee; and

- (c) the aggregate number of Common Shares subject to Options.

**Section 2.05 Determination of Participants.** The Committee shall from time to time determine the Participants who may participate in this Share Option Plan. The Committee shall from time to time determine the Participants to whom Options shall be granted, the number of Common Shares to be made subject to, and the expiry date of, each Option granted to each Participant and the other terms, including any vesting provisions, of each Option granted to each Participant, all such determinations to be made in accordance with the terms and conditions of this Share Option Plan, and the Committee may take into consideration the present and potential contributions of, and the services rendered by, the particular Participant to the success of the Corporation and any other factors which the Committee deems appropriate and relevant. All Eligible Employees and Other Participants shall be bona fide Eligible Employees or Other Participants, as the case may be.

**Section 2.06 Maximum Number of Shares.**

- (a) The maximum number of Common Shares reserved for issue pursuant to this Share Option Plan shall be determined from time to time by the Committee but, in any case, shall not exceed, in the aggregate, 10% of the number of Common Shares then outstanding.
- (b) The maximum number of Common Shares reserved for issue pursuant to Options granted under this Share Option Plan to Participants who are Insiders of the Corporation in any 12 month period shall not exceed 10% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Stock Exchange.
- (c) The maximum number of Common Shares reserved for issue to any one Participant upon the exercise of Options in any 12 month period shall not exceed 5% of the number of Common Shares then outstanding, unless disinterested shareholder approval is received therefor in accordance with the policies of the Stock Exchange.
- (d) The maximum number of Common Shares reserved for issue to any one Other Participant upon the exercise of Options in any 12 month period shall not exceed 2% of the number of Common Shares then outstanding.
- (e) The maximum number of Common Shares reserved for issue to all Eligible Employees and to all Other Participants conducting Investor Relations Activities (as such terms are defined in the policies of the TSX Venture Exchange) upon the exercise of Options in any 12 month period shall not exceed, in the aggregate, 2% of the number of Common Shares then outstanding. Options granted to Other Participants performing Investor Relations Activities shall vest in stages over a twelve month period, with no more than  $\frac{1}{4}$  of the Options vesting in any three month period. The Directors shall, through the establishment of appropriate procedures, monitor the trading in the securities of the Corporation by all Optionees performing Investor Relations Activities.

For purposes of this section 2.06, "the number of Common Shares then outstanding" shall mean the number of Common Shares outstanding on a non-diluted basis calculated at the date of the proposed grant of the applicable Option. All Common Shares reserved for issue upon the exercise of options outstanding under any stock option plan (a "Prior Plan") of the Corporation that has received the approval of the shareholders of the Corporation prior to the date that this Share Option Plan becomes effective, shall be counted toward the maximum number of Common Shares permitted to be reserved for issue pursuant to any of the provisions of this section 2.06.

### **ARTICLE THREE SHARE OPTION PLAN**

**Section 3.01 The Share Option Plan and Participants.** This Share Option Plan is hereby established for Eligible Directors, Eligible Employees and Other Participants.

**Section 3.02 Option Notice or Agreement.** Each Option granted to a Participant may be evidenced by a stock option notice or stock option agreement setting out terms and conditions consistent with the provisions of this Share Option Plan, which terms and conditions need not be the same in each case and which terms and conditions may be changed from time to time.

**Section 3.03 Exercise Price.** The price per share (the "Exercise Price") at which any Common Share which is the subject of an Option may be purchased shall be determined by the Committee at the time the Option is granted, provided that the Exercise Price shall be not less than the closing price of the Common Shares on the Stock Exchange on the last trading day immediately preceding the date of the grant of such Option less the maximum discount, if any, permitted by the Stock Exchange (provided that so long as the Common Shares are listed on the TSX Venture Exchange the exercise price will be subject to a minimum price of \$0.05) or, if the Common Shares are not then listed on any stock exchange, the Exercise Price shall not be less than the fair market value of the Common Shares as may be determined by the Directors on the day immediately preceding the date of the grant of such Option. Disinterested shareholder approval shall be required for any reduction in the Exercise Price of any Option if the Optionee is an Insider of the Corporation at the time of the proposed amendment to the Exercise Price.

**Section 3.04 Term of Option.** The Option Period for each Option shall be such period of time as shall be determined by the Committee, subject to amendment by an Employment Contract, provided that in no event shall an Option Period exceed 10 years. Notwithstanding the definition of Option Period contained herein or the foregoing, the expiration date of an Option will be the date fixed by the Directors with respect to such Option unless such expiration date falls within a Blackout Period or within ten days after a Blackout Period Expiry Date, in which case the expiration date of the Option will be the date which is ten Business Days after the Blackout Period Expiry Date. Disinterested shareholder approval shall be required for the extension of any Option Period if the Optionee is an Insider of the Corporation at the time of the proposed amendment to the Option Period.

**Section 3.05 Lapsed Options.** If Options granted under this Share Option Plan (or stock options granted under a Prior Plan) are surrendered, terminate or expire without being exercised in whole or in part, new Options may be granted covering the Common Shares not purchased under such lapsed Options (or such lapsed stock options).

**Section 3.06 Limit on Options to be Exercised.** Except as otherwise specifically provided herein or in any Employment Contract, Options may be exercised by the Optionee in whole at any time, or in part from time to time (in each case to the nearest full Common Share), during the Option Period only in accordance with the vesting schedule, if any, determined by the Committee, in its sole and absolute discretion, subject to the applicable requirements of the Stock Exchange, at the time of the grant of the Option, which vesting schedule may include performance vesting or acceleration of vesting in certain circumstances and which may be amended or changed by the Committee from time to time with respect to a particular Option. If the Committee does not determine a vesting schedule at the time of the grant of any particular Option, such Option shall be exercisable in whole at any time, or in part from time to time, during the Option Period, subject to the applicable requirements of the Stock Exchange. In the event that the Common Shares are listed on the TSX Venture Exchange, Options with an Exercise Price based on the Discounted Market Price (as such term is defined in the policies of the TSX Venture Exchange), and the Common Shares issuable upon the exercise thereof, shall be subject to the restricted period and legending requirements imposed by the policies of the TSX Venture Exchange.

**Section 3.07 Eligible Participants on Exercise.** An Option may be exercised by the Optionee in whole at any time, or in part from time to time, during the Option Period, provided however that, except as otherwise specifically provided in section 3.10 or 3.11 hereof or in any Employment Contract, no Option may be exercised unless the Optionee at the time of exercise thereof is:

- (a) in the case of an Eligible Employee, an officer of the Corporation or a Designated Affiliate or in the employment of the Corporation or a Designated Affiliate and has been continuously an officer or so employed since the date of the grant of such Option, provided however that a leave of absence with the approval of the Corporation or such Designated Affiliate shall not be considered an interruption of employment for purposes of this Share Option Plan;
- (b) in the case of an Eligible Director who is not also an Eligible Employee, a director of the Corporation or a Designated Affiliate and has been such a director continuously since the date of the grant of such Option; and
- (c) in the case of an Other Participant, engaged, directly or indirectly, in providing ongoing management, advisory, consulting, technical or other services for the Corporation or a Designated Affiliate and has been so engaged since the date of the grant of such Option.

**Section 3.08 Payment of Exercise Price.** The issue of Common Shares on the exercise of any Option shall be contingent upon receipt by the Corporation of payment of the aggregate purchase price for the Common Shares in respect of which the Option has been exercised by cash or certified cheque delivered to the registered office of the Corporation together with a completed notice of exercise. No Optionee or legal representative, legatee or distributee of any Optionee will be, or will be deemed to be, a holder of any Common Shares with respect to which such Optionee was granted an Option, unless and until certificates for such Common Shares are issued to such Optionee, or them, under the terms of this Share Option Plan. Subject to section 3.12 hereof, upon an Optionee exercising an Option and paying the Corporation the aggregate purchase price for the Common Shares in respect of which the Option has been exercised, the Corporation shall as soon as practicable thereafter issue and deliver a certificate representing the Common Shares so purchased.

**Section 3.09 Acceleration on Take-over Bid, Consolidation, Merger, etc.** In the event that:

- (a) the Corporation seeks or intends to seek approval from the shareholders of the Corporation for a transaction which, if completed, would constitute an Acceleration Event (as defined below); or
- (b) a person makes a bona fide offer or proposal to the Corporation or the shareholders of the Corporation which, if accepted or completed, would constitute an Acceleration Event,

the Corporation shall send notice to all Optionees of such transaction, offer or proposal as soon as practicable and, provided that the Committee has determined that no adjustment will be made pursuant to section 5.06 hereof, (i) the Committee may, by resolution and notwithstanding any vesting schedule applicable to any Option or section 3.06 hereof, permit all Options outstanding which have restrictions on their exercise to become immediately exercisable during the period specified in the notice (but in no event later than the applicable expiry date of an Option), so that the Optionee may participate in such transaction, offer or proposal, and (ii) the Committee may accelerate the expiry date of such Options and the time for the fulfillment of any conditions or restrictions on such exercise.

In this section 3.09, an Acceleration Event means:

- (a) the acquisition by any "offeror" (as defined in section 89 of the *Securities Act* (Ontario) as of the date hereof) of beneficial ownership of more than 50% of the votes attached to the outstanding voting securities of the Corporation, by means of a take-over bid or otherwise;
- (b) any consolidation, merger, statutory amalgamation or arrangement involving the Corporation and pursuant to which the Corporation will not be the continuing or surviving corporation or pursuant to which the Common Shares will be converted into cash or securities or property of another entity, other than a transaction involving the Corporation and in which the shareholders of the Corporation immediately prior to the completion of the transaction will have the same proportionate ownership of the surviving corporation immediately after the completion of the transaction;
- (c) a separation of the business of the Corporation into two or more entities;
- (d) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation to another entity; or
- (e) the approval by the shareholders of the Corporation of any plan of liquidation or dissolution of the Corporation.

**Section 3.10 Effect of Death.** If a Participant or, in the case of an Other Participant which is not an individual, the primary individual providing services to the Corporation or Designated Affiliate on behalf of the Other Participant, shall die, any outstanding Option held by such Participant or Other Participant at the date of such death shall become immediately exercisable notwithstanding section 3.06 hereof, and shall be exercisable in whole or in part only by the person or persons to whom the rights of the Optionee under the Option shall pass by the will of the Optionee or the laws of descent and distribution for a period of 12 months after the date of death of the Optionee or prior to the expiration of the Option Period in respect of the Option, whichever is earlier, and then only to the extent that such Optionee was entitled to exercise the Option at the date of the death of such Optionee in accordance with sections 3.06, 3.07 and 3.11 hereof.

**Section 3.11 Effect of Termination of Engagement.** If a Participant shall:

- (a) cease to be a director of the Corporation and of the Designated Affiliates (and is not or does not continue to be an employee thereof) for any reason (other than death); or
- (b) cease to be employed by, or provide services to, the Corporation or the Designated Affiliates (and is not or does not continue to be a director or officer thereof), or any corporation engaged to provide services to the Corporation or the Designated Affiliates, for any reason (other than death) or shall receive notice from the Corporation or any Designated Affiliate of the termination of his Employment Contract;

(such cessation, or the earlier of such cessation or receipt of a notice of termination, as the case may be, being referred to as a "Termination"), except as otherwise provided in any Employment Contract or the terms and conditions of any Option,

- (c) in situations of Termination not for cause such Participant may, but only within the 90 days (unless such period is extended by the Committee and approval is obtained from the stock exchange on which the Common Shares of the Corporation trade), or thirty days if the Participant was conducting Investor Relations Activities (unless such period is extended by the Committee and approval is obtained from the stock exchange on which the Common

Shares trade), next succeeding such Termination, exercise the Options to the extent that such Participant was entitled to exercise such Options at the date of such Termination, and

- (d) in situations other than a Termination not for cause, such Participant may, but only within 90 days following Termination, exercise his Options to the extent that such Participant was entitled to exercise such Options at the date of Termination.

Notwithstanding the foregoing or any Employment Contract, in no event shall such right extend beyond the Option Period.

**Section 3.12 Necessary Approvals.** The obligation of the Corporation to issue and deliver any Common Shares in accordance with this Share Option Plan shall be subject to any necessary approval of any stock exchange or regulatory authority having jurisdiction over the securities of the Corporation. If any Common Shares cannot be issued to any Participant upon the exercise of an Option for whatever reason, the obligation of the Corporation to issue such Common Shares shall terminate and any exercise price paid to the Corporation in respect of the exercise of such Option shall be returned to the Participant.

#### **ARTICLE FOUR WITHHOLDING TAXES AND SECURITIES LAWS OF THE UNITED STATES OF AMERICA**

**Section 4.01 Withholding Taxes.** The Corporation or any Designated Affiliate may take such steps as are considered necessary or appropriate for the withholding of any taxes which the Corporation or any Designated Affiliate is required by any law or regulation of any governmental authority whatsoever to withhold in connection with any Option or Common Share including, without limiting the generality of the foregoing, the withholding of all or any portion of any payment or the withholding of the issue of Common Shares to be issued upon the exercise of any Option, until such time as the Participant has paid the Corporation or any Designated Affiliate for any amount which the Corporation or the Designated Affiliate is required to withhold with respect to such taxes.

**Section 4.02 Securities Laws of the United States of America.** Neither the Options which may be granted pursuant to this Share Option Plan nor the Common Shares which may be issued pursuant to the exercise of Options have been registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or under any securities law of any state of the United States of America. Accordingly, any Participant who is issued Common Shares or granted an Option in a transaction which is subject to the U.S. Securities Act or the securities laws of any state of the United States of America may be required to represent, warrant, acknowledge and agree that:

- (a) the Participant is acquiring the Option and/or any Common Shares as principal and for the account of the Participant;
- (b) in granting the Option and/or issuing the Common Shares to the Participant, the Corporation is relying on the representations and warranties of the Participant to support the conclusion of the Corporation that the granting of the Option and/or the issue of Common Shares do not require registration under the U.S. Securities Act or to be qualified under the securities laws of any state of the United States of America;
- (c) each certificate representing Common Shares so issued may be required to have the following legend:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S.

SECURITIES ACT") OR UNDER ANY STATE SECURITIES LAWS, AND THE SECURITIES REPRESENTED HEREBY MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 OR 144A UNDER THE U.S. SECURITIES ACT, IF APPLICABLE, AND IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) WITH THE PRIOR WRITTEN CONSENT OF THE CORPORATION (WHICH WILL BE DELIVERED PROMPTLY AND WILL NOT BE UNREASONABLY WITHHELD, BUT WHICH MAY BE CONDITIONAL ON DELIVERY OF A LEGAL OPINION IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION), PURSUANT TO ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT "GOOD DELIVERY" OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE. A CERTIFICATE WITHOUT A LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE CORPORATION IN CONNECTION WITH A SALE OF THE SECURITIES REPRESENTED HEREBY AT A TIME WHEN THE CORPORATION IS A "FOREIGN ISSUER" AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT, UPON DELIVERY OF THIS CERTIFICATE AND A DULY EXECUTED DECLARATION, IN A FORM SATISFACTORY TO THE REGISTRAR AND TRANSFER AGENT AND THE CORPORATION, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.";

provided that if such Common Shares are being sold outside the United States of America in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act and provided that the Corporation is a "foreign issuer" within the meaning of Regulation S under the U.S. Securities Act at the time of such sale, such legend may be removed by providing a written declaration signed by the holder to the registrar and transfer agent for the Common Shares to the following effect:

"The undersigned (A) represents and warrants that the sale of the securities of Mexican Gold Corp. (the "Corporation") to which this declaration relates is being made in compliance with Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), and (B) certifies that (1) the undersigned is not an affiliate of the Corporation as that term is defined in the U.S. Securities Act, (2) the offer of such securities was not made to a person in the United States and either (A) at the time the buy order was originated, the buyer was outside the United States, or the undersigned and any person acting on its behalf reasonably believe that the buyer was outside the United States or (B) the transaction was executed on or through the facilities of a Designated Offshore Securities Market and neither the undersigned nor any person acting on behalf thereof knows or has any reason to believe that the transaction has been prearranged with a buyer in the United States, (3) neither the seller nor any affiliate of the seller nor any person acting on any of their behalf has engaged or will engage in any directed selling efforts in the United States in connection with the offer and sale of such securities, (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act), (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of the U.S. Securities Act with fungible unrestricted securities and (6) the contemplated sale is not a transaction, or part of a

series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.";

- (d) other than as contemplated by paragraph 4.02(c) hereof, prior to making any disposition of any Common Shares acquired pursuant to this Share Option Plan which might be subject to the requirements of the U.S. Securities Act, the Participant shall give written notice to the Corporation describing the manner of the proposed disposition and containing such other information as is necessary to enable counsel for the Corporation to determine whether registration under the U.S. Securities Act or qualification under any securities laws of any state of the United States of America is required in connection with the proposed disposition and whether the proposed disposition is otherwise in compliance with such legislation and the regulations thereto;
- (e) other than as contemplated by paragraph 4.02(c) hereof, the Participant will not attempt to effect any disposition of the Common Shares owned by the Participant and acquired pursuant to this Share Option Plan or of any interest therein which might be subject to the requirements of the U.S. Securities Act in the absence of an effective registration statement relating thereto under the U.S. Securities Act or an opinion of counsel satisfactory in form and substance to counsel for the Corporation that such disposition would not constitute a violation of the U.S. Securities Act and then will only dispose of such Common Shares in the manner so proposed;
- (f) the Corporation may place a notation on the records of the Corporation to the effect that none of the Common Shares acquired by the Participant pursuant to this Share Option Plan shall be transferred unless the provisions of the Plan have been complied with; and
- (g) the effect of these restrictions on the disposition of the Common Shares acquired by the Participant pursuant to this Share Option Plan is such that the Participant may not be able to sell or otherwise dispose of such Common Shares for a considerable length of time in a transaction which is subject to the provisions of the U.S. Securities Act other than as contemplated by paragraph 4.02(c) hereof.

## ARTICLE FIVE GENERAL

**Section 5.01 Effective Time of this Share Option Plan.** This Share Option Plan shall become effective upon a date to be determined by the Directors.

**Section 5.02 Amendment of Plan.** The Committee may from time to time in the absolute discretion of the Committee, subject to the applicable requirements of the Stock Exchange, amend, modify and change the provisions of this Share Option Plan or any Options granted pursuant to this Share Option Plan, provided that any amendment, modification or change to the provisions of this Share Option Plan or any Options granted pursuant to this Share Option Plan which would:

- (a) materially increase the benefits under this Share Option Plan or any Options granted pursuant to the Plan;
- (b) increase the number of Common Shares, other than by virtue of sections 5.06 and 5.07 hereof, which may be issued pursuant to this Share Option Plan; or
- (c) materially modify the requirements as to eligibility for participation in this Share Option Plan;

shall only be effective upon such amendment, modification or change being approved by the shareholders of the Corporation, and, if required, by any stock exchange or any other regulatory authority having jurisdiction over the securities of the Corporation. In addition, if an Optionee is an Insider of the Corporation at the time of an amendment, modification or change that would materially increase the benefits under any of his Options granted pursuant to this Shares Option Plan, the Corporation must obtain disinterested shareholder approval. This Share Option Plan may be amended, without obtaining the approval of the TSX Venture Exchange, to (i) reduce the number of Common Shares under Option, or (ii) increase the exercise price or cancel an Option, provided the Corporation issues a news release outlining the terms of the amendment. In the event that the Common Shares are listed on the TSX Venture Exchange, all other amendments to this Share Option Plan will require the approval of the TSX Venture Exchange.

**Section 5.03 Non-Assignable.** No rights under this Share Option Plan and no Option awarded pursuant to this Share Option Plan are assignable or transferable by any Participant other than pursuant to a will or by the laws of descent and distribution.

**Section 5.04 Rights as a Shareholder.** No Optionee shall have any rights as a shareholder of the Corporation with respect to any Common Shares which are the subject of an Option. No Optionee shall be entitled to receive any dividends, distributions or other rights declared for shareholders of the Corporation for which the record date is prior to the date of issue of certificates representing Common Shares acquired upon the exercise of Options of such Optionee.

**Section 5.05 No Contract of Employment.** Nothing contained in this Share Option Plan shall confer or be deemed to confer upon any Participant the right to continue in the employment of, or to provide services to, the Corporation or any Designated Affiliate nor interfere or be deemed to interfere in any way with any right of the Corporation or any Designated Affiliate to discharge any Participant at any time for any reason whatsoever, with or without cause. Participation in any of this Share Option Plan by a Participant shall be voluntary.

**Section 5.06 Consolidation, Merger, etc.** If there is a consolidation, merger or statutory amalgamation or arrangement of the Corporation with or into another corporation, a separation of the business of the Corporation into two or more entities or a sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Corporation to another entity, upon the exercise of an Option under this Share Option Plan the holder thereof shall be entitled to receive the securities, property or cash which the holder would have received upon such consolidation, merger, amalgamation, arrangement, separation or transfer if the holder had exercised the Option immediately prior to the effective time of such event, unless the Committee otherwise determines the basis upon which such Option shall be exercisable.

**Section 5.07 Adjustment in Number of Common Shares Subject to the Plan.** In the event there is any change in the Common Shares, whether by reason of a stock dividend, consolidation, subdivision, reclassification or otherwise, an appropriate adjustment shall be made by the Committee in:

- (a) the number of Common Shares available under this Share Option Plan;
- (b) the number of Common Shares subject to any Option; and
- (c) the exercise price of the Common Shares subject to Options.

If the foregoing adjustment shall result in a fractional Common Share, the fraction shall be disregarded. All such adjustments shall be conclusive, final and binding for all purposes of this Share Option Plan.

**Section 5.08 Securities Exchange Take-over Bid.** In the event that the Corporation becomes the subject of a take-over bid (within the meaning of the *Securities Act* (Ontario)) as a result of which all of the

outstanding Common Shares are acquired by the offeror through compulsory acquisition provisions of the incorporating statute or otherwise, and where consideration is paid in whole or in part in equity securities of the offeror, the Committee may send notice to all Optionees requiring them to surrender their Options within 10 days of the mailing of such notice, and the Optionees shall be deemed to have surrendered such Options on the tenth day after the mailing of such notice without further formality, provided that:

- (a) the Committee delivers with such notice an irrevocable and unconditional offer by the offeror to grant replacement options to the Optionees on the equity securities offered as consideration;
- (b) the Committee has determined, in good faith, that such replacement options have substantially the same economic value as the Options being surrendered; and
- (c) the surrender of Options and the granting of replacement options can be effected on a tax free rollover basis under the *Income Tax Act* (Canada).

**Section 5.09 No Representation or Warranty.** The Corporation makes no representation or warranty as to the future market value of any Common Shares issued in accordance with the provisions of this Share Option Plan.

**Section 5.10 Participation through RRSP's and Holding Companies.** Subject to the approval of the Committee, an Eligible Employee or Eligible Director may elect, at the time rights or Options are granted under this Share Option Plan, to participate in this Share Option Plan by holding any rights or Options granted under this Share Option Plan in a registered retirement savings plan established by such Eligible Employee or Eligible Director for the sole benefit of such Eligible Employee or Eligible Director or in a personal holding corporation controlled by such Eligible Employee or Eligible Director. For the purposes of this section 5.10, a personal holding corporation shall be deemed to be controlled by an Eligible Employee or Eligible Director if (i) voting securities carrying 100% of the votes for the election of directors of such corporation are held, otherwise than by way of security only, by or for the benefit of such Eligible Employee or Eligible Director and the votes carried by such voting securities are entitled, if exercised, to elect a majority of the board of directors of such corporation, and (ii) all of the equity securities of such corporation are directly held, otherwise than by way of security only, by or for the benefit of such Eligible Employee or Eligible Director. In the event that an Eligible Employee or Eligible Director elects to hold the Options granted under this Share Option Plan in a registered retirement savings plan or personal holding corporation, such Eligible Employee or Eligible Director must submit certifications, undertakings or any other documents, if any, required by the Stock Exchange, and the provisions of this Share Option Plan shall continue to apply as if the Eligible Employee or Eligible Director held such Options directly.

**Section 5.11 Compliance with Applicable Law.** If any provision of this Share Option Plan or any Option contravenes any law or any order, policy, by-law or regulation of any regulatory body having jurisdiction over the securities of the Corporation, then such provision shall be deemed to be amended to the extent necessary to bring such provision into compliance therewith.

**Section 5.12 Interpretation.** This Share Option Plan shall be governed by, and be construed in accordance with, the laws of the Province of Ontario.

## **SCHEDULE "B"**

### **Option Plan Resolution**

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the share option plan of the Corporation attached as schedule "A" to the management information circular of the Corporation dated November 14, 2018 be, and the same hereby is, confirmed and approved as the share option plan of the Corporation."

## **SCHEDULE "B-II"**

### **Option Plan Resolution**

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. the grant to Messrs. Shaun Drake and Brian Robertson of 74,000 options in the aggregate under the share option plan of the Corporation on April 20, 2018 on the terms disclosed of the press release issued by the Corporation on April 20, 2018 and available on the SEDAR profile of the Corporation on [www.sedar.com](http://www.sedar.com), as previously approved by the board of directors of the Corporation on April 20, 2018 be, and the same hereby is, ratified and approved.”

## **SCHEDULE "C"**

### **Charter of the Audit Committee**

#### **MEXICAN GOLD CORP.**

#### **AUDIT COMMITTEE CHARTER**

##### *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 Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements.
- Review and appraise the performance of the Corporation's external auditors.
- Provide an open avenue of communication among the Corporation's auditors, financial and senior management and the Board of Directors.

##### *Composition*

The Committee shall be comprised of up to four 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 Audit Committee Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation'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 four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer 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 the Charter annually.
- (b) Review the Corporation's financial statements, MD&A and any annual and interim earnings, press releases before the Corporation 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 Corporation.
- (b) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (c) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (d) 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 Corporation's external auditors.

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

Other

Review any related-party transactions.