

## **INFORMATION CIRCULAR**

### **SOLICITATION OF PROXIES BY MANAGEMENT**

This management information circular (the “Information Circular”) is furnished in connection with the solicitation of proxies by or on behalf of the management of Benz Mining Corp. (the “Company”) for use at the annual general meeting (the “Meeting”) of the shareholders of the Company (the “Shareholders”) to be held at the Fraser Room, Suite 500, 666 Burrard Street, Vancouver, British Columbia on Tuesday, September 3, 2019, at 11:00 a.m. (Vancouver time) and at any adjournments thereof for the purposes set out in the accompanying Notice of Meeting. Although it is expected that the solicitation of proxies will be primarily by mail, proxies may also be solicited personally, electronically or by telephone by directors, officers, employees or consultants of the Company. Arrangements will also be made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy solicitation material to the beneficial owners of common shares of the Company (“**Common Shares**”) pursuant to the requirements of National Instrument 54-101, *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**National Instrument 54-101**”).

The Canadian securities regulators have adopted new rules under National Instrument 54-101, which permit the use of notice-and-access for proxy solicitation, instead of the traditional physical delivery of material. This new process provides the option to post meeting related materials, including management information circulars, as well as annual financial statements, and related management’s discussion and analysis, on a website in addition to SEDAR. Under notice-and-access, such meeting related materials will be available for viewing for up to one (1) year from the date of posting, and a paper copy of the material can be requested at any time during this period. The Company is not relying on the notice-and-access provisions of National Instrument 54-101 to send proxy related materials to registered shareholders or beneficial owners of shares in connection with the Meeting.

The Company may reimburse shareholders’ nominees or intermediaries (including brokers or their agents holding shares on behalf of clients) for the cost incurred in obtaining from their principals’ authorization to execute forms of proxy. The cost of any such solicitation will be borne by the Company. Unless otherwise stated, the information contained in this Information Circular is given as at July 31, 2019.

### **APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES**

The purpose of a proxy is to designate persons who will vote the proxy on a Shareholder’s behalf in accordance with the instructions given by the Shareholder in the proxy. The persons named in the enclosed proxy (the “**Management Designees**”) have been selected by the directors of the Company.

**A Shareholder has the right to designate a person (who need not be a Shareholder), other than the Management Designees to represent the Shareholder at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the proxy the name of the person to be designated, and by deleting from the proxy the names of the Management Designees, or by completing another proper form of proxy and delivering the same to the**

**transfer agent of the Company.** Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as proxyholder and attend the Meeting, and provide instructions on how the Shareholder's shares are to be voted. The nominee should bring personal identification with them to the Meeting.

To be valid, the proxy must be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the proxy). The proxy must then be delivered to the Company's registrar and transfer agent, Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, or by fax within North America to 1-866-249-7775, and outside North America to (416) 263-9524, at least 48 hours, excluding Saturdays, Sundays and holidays, before the time of the Meeting or any adjournment thereof. Proxies received after that time may be accepted by the Chairman of the Meeting in the Chairman's discretion, but the Chairman is under no obligation to accept late proxies.

Any registered Shareholder who has returned a proxy may revoke it at any time before it has been exercised. A proxy may be revoked by a registered Shareholder personally attending at the Meeting and voting their shares. A Shareholder may also revoke their proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing, including a proxy bearing a later date executed by the registered Shareholder or by their authorized attorney in writing, or, if the Shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of the Company's registrar and transfer agent at the foregoing address or the head office of the Company, at 927 Poirier Street, Coquitlam, British Columbia, V3J 6C3, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting, or any adjournment thereof. **Only registered Shareholders have the right to revoke a proxy. Non-registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective nominees to revoke the proxy on their behalf.**

#### **VOTING OF PROXIES**

Voting at the Meeting will be by a show of hands, each registered Shareholder and each proxyholder (representing a registered or unregistered Shareholder) having one vote, unless a poll is required or requested, whereupon each such Shareholder and proxyholder is entitled to one vote for each Common Share held or represented, respectively. Each Shareholder may instruct their proxyholder how to vote their Common Shares by completing the blanks on the proxy. All Common Shares represented at the Meeting by properly executed proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the proxy, the Management Designees, if named as proxyholder, will vote in favour of the matters set out therein.**

**The enclosed proxy confers discretionary authority upon the Management Designees, or other person named as proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Company is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters properly come before the Meeting, then the Management Designees intend to vote in a manner which in their judgment is in the best interests of the Company.**

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes

cast will be required (an “**ordinary resolution**”), unless the motion requires a “**special resolution**” in which case a majority of 66 2/3% of the votes cast will be required.

## **BENEFICIAL HOLDERS**

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” or “beneficial” shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. More particularly, a person is not a registered shareholder in respect of shares which are held on behalf of that person (the “**Beneficial Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Beneficial Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (“**CDS**”)) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the Proxy (collectively, the “**Meeting Materials**”) directly, and to the clearing agencies and Intermediaries for onward distribution to Beneficial Holders. These securityholder materials are being set to both registered and non-registered owners of the securities. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf.

Intermediaries are required to forward the Meeting Materials to Beneficial Holders unless a Beneficial Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Beneficial Holders. Generally, Beneficial Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given 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 shares beneficially owned by the Beneficial Holder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Beneficial Holder when submitting the proxy. In this case, the Beneficial Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with the Company’s transfer agent as provided above; or**
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Beneficial Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow. Typically, the proxy authorization form will consist of a one-page pre-printed form. Sometimes, instead of the one-page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Beneficial Holder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Beneficial Holders to direct the voting of the shares which they beneficially own. Should a Beneficial Holder who receives one of the above forms wish to vote at the Meeting in person, the Beneficial Holder should strike out the names of the Management Designees named in the form and insert the Beneficial Holder’s name in the blank space provided. **In**

either case, Beneficial Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

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

The authorized share structure of the Company consists of an unlimited number of Shares without par value and an unlimited number of preferred shares without par value. As at July 31, 2019, the Company had 26,317,094 issued and outstanding Shares, each Share carrying the right to one vote. The Company has no other classes of voting securities.

Only Shareholders of record at the close of business on July 31, 2019, who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions detailed therein, shall be entitled to vote or to have their Shares voted at the Meeting.

The presence in person or by proxy of two (2) persons who are, or who represent by proxy, one or more shareholders who, in the aggregate, hold at least five percent (5%) of the issued Shares entitled to be voted at the Meeting, is necessary to convene the Meeting.

To the knowledge of the directors and senior officers of the Company, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the outstanding voting rights of the Company.

Those shareholders so desiring may be represented by proxy at the Meeting.

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

TO THE KNOWLEDGE OF THE COMPANY'S DIRECTORS, THE ONLY MATTERS TO BE PLACED BEFORE THE MEETING ARE THOSE REFERRED TO IN THE NOTICE OF MEETING ACCOMPANYING THIS INFORMATION CIRCULAR. HOWEVER, SHOULD ANY OTHER MATTERS PROPERLY COME BEFORE THE MEETING, THE SHARES REPRESENTED BY THE PROXY SOLICITED HEREBY WILL BE VOTED ON SUCH MATTERS IN ACCORDANCE WITH THE BEST JUDGMENT OF THE PERSONS VOTING THE SHARES REPRESENTED BY THE PROXY.

Additional detail regarding each of the matters to be acted upon at the Meeting is set forth below.

#### **I. Financial Statements**

The audited financial statements of the Company for the financial years ended April 30, 2019, April 30, 2018 and April 30, 2017 (the "**Financial Statements**"), together with the Auditors' Report thereon, will be presented to the shareholders at the Meeting. Shareholders should note that in accordance with the rules of National Instrument 51-102 "*Continuous Disclosure Obligations*", shareholders will no longer automatically receive copies of financial statements unless a return card (*in the form enclosed herewith*) has been completed and returned as instructed. Copies of all previously issued annual and quarterly financial statements and related Management Discussions and Analysis are available to the public on the SEDAR website at [www.sedar.com](http://www.sedar.com). Hard copies of the Audited Annual Financial Statements and Management Discussion and Analysis will be available to shareholders free of charge upon request.

## II. Appointment of Auditors

Management proposes the appointment of Lancaster & David, Chartered Professional Accountants, as Auditors of the Company for the ensuing year and that the directors be authorized to fix their remuneration.

**In the absence of instructions to the contrary the shares represented by proxy will be voted in favour of a resolution to appoint Lancaster & David, Chartered Professional Accountants, as Auditors of the Company for the ensuing year, at a remuneration to be fixed by the Board of Directors, unless the Shareholder has specified in the Shareholder's proxy that the Shareholder's Common Shares are to be withheld from voting on the appointment of auditors.**

## III. Election of Directors

The board of directors of the Company (the "Board" or the "Board of Directors") currently consists of five (5) directors, all of whom are elected annually. The term of office for each of the present directors of the Company expires at the Meeting. Except for Gordon F. Bub, all of the current directors of the Company will be standing for re-election. It is proposed that the number of directors for the ensuing year be fixed at four (4) subject to such increases as may be permitted by the Articles of the Company. At the Meeting, the Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution fixing the number of directors to be elected at the Meeting at four (4).

It is proposed that the persons named below will be nominated at the Meeting. Each director elected will hold office until the next Annual General Meeting of the Company or until his successor is duly elected or appointed pursuant to the Articles of the Company unless his office is earlier vacated in accordance with the provisions of the *Business Corporations Act* (British Columbia) or the Company's Articles.

**It is the intention of the management designees, if named as proxy, to vote for the election of the said persons to the Board of Directors, unless the Shareholder has specified in its proxy that its Common Shares are to be withheld from voting on the election of directors. Management does not contemplate that any of the nominees will be unable to serve as a director.**

The following information relating to the nominees for election to the Board of Directors is based on information received by the Company from said nominees:

<b>Carlos J. Escribano</b> <sup>(1)</sup> British Columbia, Canada <i>Director since November, 2011</i> <i>Chief Financial Officer since November, 2011</i>	Chartered Professional Accountant; Chief Financial Officer of Renaissance Oil Corp. from January 2017 to present.
Common Shares: 236,974	
<b>Ronald A. Hall</b> <sup>(1)(2)</sup> British Columbia, Canada <i>Director since April 2013</i> <i>Chairman of the Board since May 2015</i>	Engineer; Director of Panoro Minerals Ltd. from December 2016 to present.
Common Shares: 461,798 <sup>(3)</sup>	
<b>Nicholas Tintor</b> <sup>(1)(2)</sup> Ontario, Canada <i>Director since April 2019</i>	Managing Director of RG Management Services Inc. from January 2007 to present. President, CEO and Director of Caracara Silver Inc. from July 15, 2011 to present.
Common Shares: 150,000	

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**Miloje Vicentijevic<sup>(1)</sup>**

Ontario, Canada

*Director since November, 2011*

*President since November, 2011*

*Chief Executive Officer since November, 2011*

*Corporate Secretary since November, 2011*

Professional Engineer; President and Chief Executive Officer of the Company from November 2011 to present. President and Chief Executive Officer of Avaron Mining Corp., a private junior mining company from December 2011 to present.

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Common Shares: 2,096,351<sup>(4)</sup>

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- <sup>(1)</sup> Information as to the Province or State of residence, principal occupation, and shares beneficially owned, directly or indirectly, or controlled or directed, has been obtained from SEDI or furnished by the respective directors.
- <sup>(2)</sup> Member or proposed member of the audit committee.
- <sup>(3)</sup> Of which, 114,390 shares are held through Avaron. Mr. Hall is a director and/or officer of Avaron, and together with Mr. Bub and Mr. Vicentijevic, they control more than 50% of Avaron.
- <sup>(4)</sup> Of which, 116,362 shares are held through Avaron. Mr. Vicentijevic is a director and/or officer of Avaron, and together with Mr. Bub and Mr. Hall, they control more than 50% of Avaron. 8,875 shares are owned by Mr. Vicentijevic's spouse, but Mr. Vicentijevic has control or direction over them.

### ***Corporate Cease Trade Orders or Bankruptcies***

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

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### ***Individual Bankruptcies***

To the knowledge of the Company, no director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### ***Penalties or Sanctions***

To the knowledge of the Company, no proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to 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.

#### IV. Ratification of the Incentive Stock Option Plan

The Company currently maintains a rolling stock option plan (the “**Benz Stock Option Plan**”), authorizing the issuance of incentive stock options to eligible persons for up to an aggregate of 10% of the issued shares of the Company from time to time. The policies of the TSXV require the approval of the Stock Option Plan by the Company’s “disinterested shareholders” (as defined below) on an annual basis. There are currently 26,317,094 shares of the Company issued and outstanding, and therefore the current 10% threshold is 2,631,709 shares available for incentive stock option grants under the Stock Option Plan. Incentive stock options under the Stock Option Plan may be granted by the Board of Directors to eligible persons, who are directors, officers or consultants of the Company or its subsidiaries (if any), or who are employees of a company providing management services to the Company, or who are eligible charitable organizations. Stock options may be granted under the Stock Option Plan with a maximum exercise period of up to ten (10) years, as determined by the Board of Directors of the Company.

The Stock Option Plan will limit the number of stock options which may be granted to any one individual to not more than 5% of the total issued shares of the Company in any 12-month period (unless otherwise approved by the disinterested shareholders of the Company), and not more than 10% of the total issued shares to all insiders at any time or granted over any 12-month period. The number of options granted to any one consultant or person employed to provide investor relations activities in any 12-month period must not exceed 2% of the total issued shares of the Company. Any stock options granted under the Stock Option Plan will not be subject to any vesting schedule, unless otherwise determined by the Board of Directors or required by the policies of the Exchange.

Options under the Stock Option Plan may be granted at an exercise price which is at or above the current discounted market price (as defined under the policies of the Exchange) on the date of the grant. In the event of the death or permanent disability of an optionee, any option granted to such optionee will be exercisable upon the earlier of 365 days from the date of death or permanent disability, or the expiry date of the option. In the event of the resignation, or the termination or removal of an optionee without just cause, any option granted to such optionee will be exercisable for a period of 90 days thereafter. In the event of termination for cause, any option granted to such optionee will be cancelled as at the date of termination.

Shareholders are referred to the full text of the Stock Option Plan, a copy of which has been posted on SEDAR and is available for inspection under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com), for complete details.

The Stock Option Plan must be approved by a majority of the "disinterested shareholders" entitled to vote present in person or by proxy at the Meeting, and be accepted for filing by the Exchange. "Disinterested shareholders" mean all Shareholders of the Company who are not directors, officers, promoters, or other insiders of the Company, or their associates or affiliates, as such terms are defined under the *Securities Act* (British Columbia).

To the knowledge of the Company, Shareholders who are ineligible to vote on the approval of the Stock Option Plan and their shareholdings are as follows:

Name of Insider, Associate or Affiliate	Number of Shares
Gordon F. Bub	130,994 <sup>(1)</sup>
Carlos J. Escribano	236,974
Ronald A. Hall	461,798 <sup>(2)</sup>
Nicholas Tintor	150,000

Name of Insider, Associate or Affiliate	Number of Shares
Miloje Vicentijevic	2,096,351 <sup>(3)</sup>

- <sup>(1)</sup> Of which, 20,781 shares are held through Avaron. Mr. Bub is a director and/or officer of Avaron, and together with Mr. Hall and Mr. Vicentijevic, they control more than 50% of Avaron.
- <sup>(2)</sup> Of which, 114,390 shares are held through Avaron. Mr. Hall is a director and/or officer of Avaron, and together with Mr. Bub and Mr. Vicentijevic, they control more than 50% of Avaron.
- <sup>(3)</sup> Of which, 116,362 shares are held through Avaron. Mr. Vicentijevic is a director and/or officer of Avaron, and together with Mr. Bub and Mr. Hall, they control more than 50% of Avaron. 8,875 shares are owned by Mr. Vicentijevic's spouse, but Mr. Vicentijevic has control or direction over them.

In the event that annual disinterested shareholder approval is not obtained at the Meeting, the Company will implement a new fixed stock option plan for up to 10% of the Company's issued shares (which does not require shareholder approval), and any existing option grants under the Stock Option Plan as previously approved by the disinterested shareholders of the Company at the last Annual General Meeting will not be affected.

### **DIRECTOR AND EXECUTIVE OFFICER COMPENSATION (For the financial year ended April 30, 2019)**

For purposes of this Information Circular, "named executive officer" of the Company means an individual who, at any time during the year, was:

- (a) the Company's chief executive officer ("**CEO**");
- (b) the Company's chief financial officer ("**CFO**");
- (c) each of the Company's three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year;

(each a "**Named Executive Officer**" or "**NEO**").

Based on the foregoing definition, during the last completed financial year of the Company, there were two (2) Named Executive Officers, namely, its President, CEO and Corporate Secretary, Miloje Vicentijevic, and its CFO, Carlos Escribano.

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

In assessing the compensation of its executive officers, the Company does not have in place any formal objectives, criteria or analysis; instead, it relies mainly on discussions at the Board level.

The Company's executive compensation program has three principal components: base salary, incentive bonus plan, and incentive stock options. The determination and administration of base salaries or incentive bonuses, or both, are discussed in greater detail below. When appropriate to do so, incentive bonuses in the form of cash payments, are designed to add a variable component of compensation, in addition to stock options, based on corporate and individual performances for Named Executive Officers, and may or may not be awarded in any financial

year. The Company has no other forms of compensation for its NEOs, although payments may be made from time to time to individuals who are NEOs or companies they control, for the provision of consulting services. Such consulting services are paid for by the Company at competitive industry rates for work of a similar nature by reputable arm's length services providers.

The Company notes that it is in an exploration phase with respect to its properties, has to operate with limited financial resources, and must control costs to ensure that funds are available to complete scheduled exploration programs and otherwise fund its operations. The Board has to consider the current and anticipated financial position of the Company at the time of any compensation determination. The Board has attempted to keep the cash compensation paid to the Company's NEOs relatively modest, while providing long-term incentives through the granting of stock options.

The Company's executive compensation program is administered by the Board of Directors, and is designed to provide incentives for the enhancement of shareholder value. The overall objectives are to attract and retain qualified executives critical to the success of the Company, to provide fair and competitive compensation, to align the interest of management with those of the Shareholders and to reward corporate and individual performance. The Company's compensation package has been structured in order to link shareholder return, measured by the change in the share price, with executive compensation through the use of incentive stock options as the primary element of variable compensation for its Named Executive Officers. The Company does not currently offer long-term incentive plans or pension plans to its Named Executive Officers.

The Company bases the compensation for a NEO on the years of service with the Company, responsibilities of each officer and their duties in that position. The Company also bases compensation on the performance of each officer. The Company believes that stock options can create a strong incentive to the performance of each officer and is intended to recognize extra contributions and achievements towards the goals of the Company.

The Board, when determining cash compensation payable to a NEO, takes into consideration their experience in the mining industry, as well as their responsibilities and duties and contributions to the Company's success. Named Executive Officers receive a base cash compensation that the Company feels is in line with that paid by similar companies in North America, subject to the Company's financial resources; however no formal survey was completed by the Board.

In performing its duties, the Board has considered the implications of risks associated with the Company's compensation policies and practices. At its early stage of development and considering its current compensation policies, the Company has no compensation policies or practices that would encourage an executive officer or other individual to take inappropriate or excessive risks. An NEO or director is permitted for his or her own benefit and at his or her own financial risk, to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units or exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

#### Option-Based Awards

Stock options are granted to provide an incentive to the directors, officers, employees and consultants of the Company to achieve the longer-term objectives of the Company; to give suitable recognition to the ability and industry of such persons who contribute materially to the success of the Company; and to attract and retain persons of experience and ability, by providing

them with the opportunity to acquire an increased proprietary interest in the Company. The Company awards stock options to its executive officers based upon the recommendation of the Board, which recommendation is based upon the Board's review of a proposal from the CEO. Previous grants of incentive stock options are taken into account when considering new grants.

Implementation of a new incentive stock option plan and amendments to the existing stock option plan are the responsibility of the Company's Board.

### Summary Compensation Table

The following table sets forth the total compensation paid to or earned by the Named Executive Officers for the Company's three (3) most recently completed financial years:

Name and Principal Position	Year Ended	Salary (\$)	Share-based Awards (\$)	Option-based Awards <sup>(1)</sup> (\$)	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Miloje Vicentijevic President, CEO and Corporate Secretary	2019	Nil	Nil	11,339	Nil	Nil	Nil	148,600 <sup>(2)</sup>	159,939
	2018	Nil	Nil	101,826	Nil	Nil	Nil	142,370 <sup>(2)</sup>	244,196
	2017	Nil	Nil	21,082	Nil	Nil	Nil	83,048 <sup>(2)</sup>	104,130
Carlos J. Escribano CFO	2019	Nil	Nil	11,339	Nil	Nil	Nil	57,500 <sup>(3)</sup>	68,839
	2018	Nil	Nil	50,913	Nil	Nil	Nil	54,000 <sup>(3)</sup>	104,913
	2017	Nil	Nil	11,901	Nil	Nil	Nil	43,724 <sup>(3)</sup>	55,625

<sup>(1)</sup> The fair value of stock options granted during the last financial year is based on the Black-Scholes Option Pricing Model. The Company used the following assumptions in the model to determine the fair value of the awards recorded above: Dividend Yield – Nil; Expected Life – 10 years; Volatility – 124%; Risk Free Interest Rate – 2.39%.

<sup>(2)</sup> Consulting fees paid to VA True Management Ltd., a private company controlled by Mr. Vicentijevic.

<sup>(3)</sup> Consulting fees paid to Lucent Financial Corp., a private company controlled by Mr. Escribano.

### Incentive Plan Awards

#### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth the options granted to the Named Executive Officers to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year ended April 30, 2019:

Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options (\$) <sup>(1)</sup>
Miloje Vicentijevic	43,876	3.00	Jan. 19, 2025	Nil
	124,000	0.19	Mar. 8, 2027	Nil
	400,000	0.265	Aug. 31, 2027	Nil
	125,000	0.10	May 4, 2028	Nil
Carlos J. Escribano	16,400	3.00	Jan. 19, 2025	Nil
	70,000	0.19	Mar. 8, 2027	Nil
	200,000	0.265	Aug. 31, 2027	Nil
	125,000	0.10	May 4, 2028	Nil

<sup>(1)</sup> The aggregate dollar value of the in-the-money unexercised vested options held at the end of the last financial year, based on the difference between the market value of the shares at the financial year end, and the exercise price. This does not mean the options were exercised or that any shares were sold at these values.

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

The following table sets forth the value vested or earned during the year of option-based awards, share-based awards and non-equity incentive plan compensation paid to Named Executive Officers during the most recently completed financial year ended April 30, 2019:

Name	Option-based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation – Value earned During the Year (\$)
Miloje Vicentijevic	11,339	Nil
Carlos J. Escribano	11,339	Nil

<sup>(1)</sup> The aggregate value of the option based awards vested during the most recent financial year is based on the difference between the Company share price on the vesting day of any options that vested during the financial year and the exercise price of the options.

**Termination and Change of Control Benefits**

The Company has no plan or arrangement whereby any NEO may be compensated in the event of that NEO’s resignation, retirement or other termination of employment, or in the event of a change of control of the Company or a change in NEO’s responsibilities following such a change of control, other than as more particularly set out under the heading “Management Contracts”.

**Director Compensation**

**Director Compensation Table**

The following table sets forth the value of all compensation provided to directors, not including those directors who are also Named Executive Officers, for the Company’s most recently completed financial year ended April 30, 2019:

Name	Fees Earned	Option-based Awards (\$)	All Other Compensation (\$)	Total (\$)
Gordon F. Bub	12,000	N/A	N/A	12,000
Ronald A. Hall	16,000	N/A	N/A	16,000
Nicholas Tintor <sup>(1)</sup>	N/A	N/A	N/A	N/A
Michael Konnert <sup>(2)</sup>	Nil	N/A	N/A	Nil

<sup>(1)</sup> Mr. Tintor was appointed as a director of the Company on April 8, 2019.

<sup>(2)</sup> Mr. Konnert resigned as a director of the Company on August 11, 2017.

**Outstanding Share-Based Awards and Option-Based Awards**

The following table sets forth the options granted to the directors of the Company, not including those directors who are also Named Executive Officers, to purchase or acquire securities of the Company outstanding at the end of the most recently completed financial year ended April 30, 2019:

Name	Option-based Awards - Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options (\$) <sup>(1)</sup>
Gordon F. Bub	9,265	3.00	Jan. 19, 2025	Nil
	120,000	0.19	Mar. 8, 2027	Nil
	200,000	0.265	Aug. 31, 2027	Nil
	125,000	0.10	May 4, 2028	Nil
Ronald A. Hall	17,137	3.00	Jan. 19, 2025	Nil
	50,000	0.19	Mar. 8, 2027	Nil
	200,000	0.265	Aug. 31, 2027	Nil
	125,000	0.10	May 4, 2028	Nil
Nicholas Tintor <sup>(2)</sup>	N/A	N/A	N/A	N/A
Michael Konnert <sup>(3)</sup>	N/A	N/A	N/A	N/A

<sup>(1)</sup> The aggregate dollar value of the in-the-money unexercised vested options held at the end of the last financial year, based on the difference between the market value of the shares at the financial year end, and the exercise price. This does not mean the options were exercised or that any shares were sold at these values.

<sup>(2)</sup> Mr. Tintor was appointed as a director of the Company on April 8, 2019.

<sup>(3)</sup> Mr. Konnert resigned as a director of the Company on August 11, 2017.

### Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value vested or earned during the year of option-based awards and non-equity incentive plan compensation paid to the directors of the Company, not including those directors who are also Named Executive Officers, during the financial year ended April 30, 2019:

Name	Option-based Awards – Value Vested During the Year (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation – Value Earned During the Year (\$)
Gordon F. Bub	11,339	N/A
Ronald A. Hall	11,339	N/A
Nicholas Tintor <sup>(1)</sup>	N/A	N/A
Michael Konnert <sup>(2)</sup>	N/A	N/A

<sup>(1)</sup> Mr. Tintor was appointed as a director of the Company on April 8, 2019.

<sup>(2)</sup> Mr. Konnert resigned as a director of the Company on August 11, 2017.

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth certain information pertaining to the Company's equity compensation plan as at April 30, 2019:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)</b>	<b>Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
Equity compensation plans approved by securityholders	2,593,276	\$0.33	38,433
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>TOTAL</b>	<b>2,593,276</b>	<b>\$0.33</b>	<b>38,433</b>

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

None of the directors or senior officers of the Company, no proposed nominee for election as a director of the Company, and no associates or affiliates of any of them, is or has been indebted to the Company or its subsidiaries at any time since the beginning of the Company's last completed financial year.

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

No Insider of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any transaction since the commencement of the Company's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries.

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

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors or the appointment of auditors, of any person or company who has been: (a) if the solicitation is made by or on behalf of management of the Company, a director or executive officer of the Company at any time since the beginning of the Company's last financial year; (b) if the solicitation is made other than by or on behalf of management of the Company, any person or company by whom or on whose behalf, directly or indirectly, the solicitation is made; (c) any proposed nominee for election as a director of the Company; or (d) any associate or affiliate of any of the foregoing persons or companies.

### **MANAGEMENT CONTRACTS**

Management functions of the Company and its subsidiaries are not performed to any substantial degree by any person or company other than the directors and executive officers of the Company or its subsidiaries.

Pursuant to the terms of a consulting agreement dated effective June 2, 2017 (the "**VAT Agreement**") between the Company and VA True Management Ltd. ("**VAT**"), a private company controlled by Miloje Vicentijevic, VAT agreed to cause Mr. Vicentijevic to provide services as the CEO of the Company, for up to a maximum of 40 hours per week, in consideration for the payment of an hourly consulting fee in the amount of \$200 per hour plus applicable GST. Pursuant to the VAT Agreement, Mr. Vicentijevic is also entitled to receive bonuses as may be determined by the

Board, and options pursuant to the Stock Option Plan. The VAT Agreement may be terminated by either party at any time upon thirty days' written notice to the Company.

Pursuant to the terms of a consulting agreement dated for reference June 1, 2017 (the "**LFC Agreement**") between the Company and Lucent Financial Corp. ("**LFC**"), a private company controlled by Carlos Escribano, LFC agreed to cause Mr. Escribano to provide services as the CFO of the Company in consideration for the payment of an hourly consulting fee in the amount of \$120 per hour plus applicable GST. Pursuant to the LFC Agreement, Mr. Escribano is also entitled to receive bonuses as may be determined by the Board, and options pursuant to the Stock Option Plan. The LFC Agreement may be terminated by either party at any time upon thirty days' written notice to the Company.

In the event that there is a change in effective control or management of the Company, or the Company terminates their contracts, Mr. Vicentijevic and Mr. Escribano would be entitled to the amount which is equivalent to twenty-four (24) times their respective average monthly consulting fees in the preceding twelve (12) months.

## **CORPORATE GOVERNANCE**

### ***General***

The Board believes that good corporate governance improves corporate performance and benefits all shareholders. National Policy 58-201 - Corporate Governance Guidelines provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, National Instrument 58-101 - Disclosure of Corporate Governance Practices ("**NI 58-101**") prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### ***Board of Directors***

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

The Board is comprised of five (5) directors, of whom each of Gordon F. Bub, Ronald A. Hall and Nicholas Tintor are independent for the purposes of NI 58-101. Miloje Vicentijevic and Carlos J. Escribano are not independent since they serve as the President, Chief Executive Officer and Corporate Secretary, and Chief Financial Officer of the Company, respectively.

### ***Directorships***

Certain of the directors and proposed directors are also directors of other reporting issuers, as follows:

<b>Director</b>	<b>Other Reporting Issuers</b>
<b>Ronald A. Hall</b>	Panoro Minerals Ltd.
<b>Nicholas Tintor</b>	Caracara Silver Inc.

### ***Orientation and Continuing Education***

New Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by the Company. Board meetings are sometimes held at the Company's offices and, from time to time, are combined with presentations by the Company's management to give the directors additional insight into the Company's business. In addition,

management of the Company makes itself available for discussion with all Board members.

### ***Ethical Business Conduct***

The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### ***Nomination of Directors***

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of view and experience.

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

### ***Compensation Governance***

The Company does not have a separate Compensation Committee, so the entire Board of Directors comprises the Compensation Committee, and is responsible for, among other things, evaluating the performance of the Company's executive officers, determining or making recommendations with respect to the compensation of the Company's executive officers, making recommendations with respect to director compensation, incentive compensation plans and equity-based plans, making recommendations with respect to the compensation policy for the employees of the Company or its subsidiaries and ensuring that the Company is in compliance with all legal requirements with respect to compensation disclosure. In performing its duties, the Board has the authority to engage such advisors, including executive compensation consultants, as it considers necessary.

The Board is currently composed of Gordon F. Bub, Ronald A. Hall and Nicholas Tintor of whom are independent directors within the meaning set out in NI 58-101. Miloje Vicentijevic and Carlos Escribano are not independent since they serve as the Company's President, Chief Executive Officer and Corporate Secretary, and Chief Financial Officer, respectively. All five (5) of the members of the Board are experienced participants in business or finance, and have sat on the board of directors of other companies, charities or business associations, in addition to the Board of the Company.

The Board does not have a pre-determined compensation plan. The Company does not engage in benchmarking practices and the process for determining executive compensation is at the discretion of the Board.

The Board has not engaged the services of independent compensation consultants to assist it by making recommendations to the Board with respect to director and executive officer compensation.

### ***Other Board Committees***

The Board has no other committees, other than the Audit Committee.

## **Assessments**

Due to the minimal size of the Company's Board, no formal policy has been established to monitor the effectiveness of the directors, the Board and its committees.

## **Audit Committee Information**

Under National Instrument 52-110 – Audit Committees (“**NI 52-110**”) reporting issuers are required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee's Charter, composition of the Committee, and the fees paid to the external auditor. The Company provides the following disclosure with respect to its Audit Committee:

### ***Audit Committee Charter***

The Company's Audit Committee is governed by an audit committee charter, the text of which is set out in Schedule A attached to this Information Circular.

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

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

<b>Ronald A. Hall</b>	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
<b>Nicholas Tintor</b>	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

<sup>(1)</sup> A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

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

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

The relevant education and/or experience of each member of the Audit Committee is as follows:

#### **Ronald A. Hall, Director and Chairman of the Board**

Mr. Hall has over 35 years professional experience in the management, operation, evaluation and design of global mining projects. A graduate from Cardiff University in Wales, Mr. Hall has lived and worked in the UK, South Africa, Botswana, Canada, Australia and China and in addition has been involved in business and mining opportunities in India, Russia, North America, Chile, Brazil and Mexico. He was a Non-Executive director on the board of Chinalco Mining International (a subsidiary of the Chinese State Owned Enterprise Chinalco) engaged in the development of the Torromochu copper project in Peru. Mr. Hall is also director of Panoro Minerals Ltd.

#### **Nicholas Tintor, Director**

Mr. Tintor is a mining executive and geologist who holds a Bachelor of Science in Geology from the University of Toronto and has more than 30 years of experience in the Canadian mining industry. For the past 20 years, he has been involved in all aspects of junior mining company management from project generation, to finance and executive management. He also has deep global relationships in the mining industry and especially in the Canadian resources investment banking sector.

### ***Audit Committee Oversight***

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

### ***Reliance on Certain Exemptions***

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

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

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work which the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

### ***External Auditor Service Fees***

The fees billed by the Company's external auditors in each of the last two financial years for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

<b>Financial Year Ending April 30</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All other Fees</b>
2019	\$15,000	Nil	\$800	Nil
2018	\$20,000	Nil	\$800	Nil

### ***Exemption***

As a TSX Venture Exchange listed issuer, the Company is exempt from the requirements of Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110.

## **OTHER MATTERS**

Management of the Company knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

## **ADDITIONAL INFORMATION**

Financial information is provided in the Company's audited annual financial statements and accompanying management's discussion and analysis ("**MD&A**") for the year ended April 30, 2019.

Under National Instrument 51-102, *Continuous Disclosure Obligations*, any person or company

who wishes to receive financial statements from the Company may deliver a written request for such material to the Company or the Company's agent, together with a signed statement that the persons or company is the owner of securities of the Company. Shareholders who wish to receive financial statements are encouraged to send the enclosed mail card, together with the completed form of proxy, in the addressed envelope provided, to the Company's registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1. The Company will maintain a supplemental mailing list of persons or companies wishing to receive financial statements.

Shareholders may obtain copies of the Company's financial statements and related MD&A by contacting the Company at 927 Poirier Street, Coquitlam, British Columbia or by telephone at (604) 617-1239. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### GENERAL

Unless otherwise specified, all matters referred to herein for approval by the Shareholders require a simple majority of the Shareholders voting, in person or by proxy, at the Meeting. Where information contained in this Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The contents of this Information Circular have been approved and this mailing has been authorized by the Directors of the Company.

DATED as of the 31<sup>st</sup> day of July, 2019.

BY THE ORDER OF THE BOARD OF  
DIRECTORS OF **BENZ MINING CORP.**

*"Miloje Vicentijevic"*

**Miloje Vicentijevic,**

President and Chief Executive Officer

## SCHEDULE "A"

### BENZ MINING CORP. AUDIT COMMITTEE CHARTER

#### I. PURPOSE

The Audit Committee (the "**Committee**") will consist of a majority of independent directors and is appointed by the Board of Directors (the "**Board**") of Benz Mining Corp. (the "**Company**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Company. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Company's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Company's outside auditors (the "**Independent Auditors**"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and provide oversight to related party transactions entered into by the Company.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

#### II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors.

### III. COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the TSX Venture Exchange (“**TSX-V**”), the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities.
2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
3. Each member of the Committee shall be “financially literate” (as defined by applicable securities laws and regulations).
4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two of the members of the Committee present either in person or by telephone shall constitute a quorum.
5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
10. The Committee may invite such officers, directors and employees of the Company and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.

11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

#### **IV. RESPONSIBILITIES**

##### **A. Financial Accounting and Reporting Process and Internal Controls**

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With respect to the annual and interim financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.

3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Company publicly discloses this information.

4. The Committee shall be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in subsection (3), and periodically assess the adequacy of these procedures.

5. The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Company in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Company in charge of financial matters, deems appropriate.

6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Company may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct

including, if necessary, adopting a corporate code of ethics for senior financial personnel.

9. The Committee shall establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
10. The Committee shall provide oversight to related party transactions entered into by the Company.

## **B. Independent Auditors**

1. The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services (including, without limitation, the review of any interim financial statements of the Company by the Independent Auditors at the discretion of the Committee) not prohibited by law to be provided by the Independent Auditors.
4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.
7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Company and the Independent Auditors.
8. The Committee shall review fees paid by the Company to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
10. The Committee shall monitor and assess the relationship between management and the

external auditors, and monitor and support the independence and objectivity of the external auditors.

**C. Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.