

**GFM RESOURCES LIMITED**  
Suite 2000 – 1066 West Hastings Street  
Vancouver, BC, V6E 3X2, CANADA  
Telephone: (+1) 604-925-2839

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**TAKE NOTICE** that the annual general meeting (the “**Meeting**”) of Shareholders of **GFM RESOURCES LIMITED** (the “**Corporation**”) will be held at Suite 2000, 1066 West Hastings Street, Vancouver, British Columbia, on Wednesday, September 20, 2017 at 10:00 a.m., local time, for the following purposes:

1. To receive the consolidated financial statements of the Corporation for its fiscal period ended December 31, 2016, the report of the auditor and related management discussion and analysis;
2. To set the number of directors at five;
3. To elect directors of the Corporation for the ensuing year;
4. To appoint an auditor of the Corporation for the ensuing year and authorize the directors to fix the auditor’s remuneration;
5. To ratify and confirm the continuation of the Corporation’s share option plan; and
6. To transact such other business as may properly come before the Meeting or any adjournment thereof.

A Management Proxy Circular accompanies this Notice. A copy of the consolidated financial statements, report of the auditor and related management’s discussion and analysis for the year ended December 31, 2016 are available on SEDAR. Please see “*Additional Information*” on page 16 of the Management Proxy Circular for information on how to view the financial documents. The Management Proxy Circular contains details of matters to be considered at the Meeting. No other matters are contemplated, however, any permitted amendment to or variation of any matter identified in this Notice may properly be considered at the Meeting. The Meeting may also consider the transaction of such other business as may properly come before the Meeting or any adjournment thereof.

**Shareholders who are unable to attend the Meeting in person and who wish to ensure that their shares will be voted at the Meeting are requested to complete, date and sign the enclosed form of proxy, or complete another suitable form of proxy, and deliver it in accordance with the instructions set out in the form of proxy and in the Management Proxy Circular.**

**Non-registered shareholders who plan to attend the Meeting must follow the instructions set out in the form of proxy or voting instruction form and in the Management Proxy Circular to ensure that their shares will be voted at the Meeting. If you hold your shares in a brokerage account you are a non-registered shareholder.**

**DATED** at Vancouver, British Columbia, August 15, 2017.

**BY ORDER OF THE BOARD**

*“José Antonio Rivero-González”*

**José Antonio Rivero-González**  
**President and Chief Executive Officer**



## **GFM RESOURCES LIMITED**

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### **MANAGEMENT PROXY CIRCULAR**

as at August 14, 2017, *(except as otherwise indicated)*

**This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of GFM Resources Limited (the “Corporation”) for use at the annual meeting (the “Meeting”) of its shareholders to be held on September 20, 2017 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.**

In this Management Proxy Circular, references to “the Corporation”, “we” and “our” refer to GFM Resources Limited. “Common Shares” means common shares without par value in the capital of the Corporation. “Beneficial Shareholders” means shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

### **GENERAL PROXY INFORMATION**

#### **Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation. We have arranged for intermediaries to forward the meeting materials to beneficial owners of the Common Shares held of record by those intermediaries and we may reimburse the intermediaries for their reasonable fees and disbursements in that regard.

#### **Appointment of Proxyholders**

The individuals named in the accompanying form of proxy (the “**Proxy**”) are the officers of the Corporation. **If you are a shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than either of the persons designated in the Proxy, who need not be a shareholder, to attend and act for you and vote on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

#### **Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.**

#### **Registered Shareholders**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so using one of the following ways:

- (a) complete, date and sign the enclosed form of proxy and return it to the Corporation's transfer agent, Computershare Investor Services Inc., by fax within North America at 1-866-249-7775, outside North America at (416) 263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2nd Floor, 510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9;
- (b) use a touch-tone phone to transmit voting choices to a toll-free number. Registered shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll-free number, the holder's account number and the proxy access number; or
- (c) log on via the internet through the website of the Corporation's transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed proxy form for the holder's account number and the proxy access number;

in all cases Registered Shareholders must ensure that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used.

### **Beneficial Shareholders**

**The following information is of significant importance to shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares) or as set out in the following disclosure.

If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the names of the shareholder's broker or an agent of that broker (an "intermediary"). In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust & Clearance Corporation (which acts as depository for many U.S. brokerage firms and custodian banks).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients.

There are two kinds of Beneficial Shareholders: Objecting Beneficial Owners ("OBOs") object to their name being made known to the issuers of securities which they own; and Non-Objecting Beneficial Owners ("NOBOs") who do not object to the issuers of the securities they own knowing who they are.

The Corporation is taking advantage of the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") that permit the Corporation to deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form ("VIF") from our transfer agent, Computershare Investor Services, Inc. ("Computershare"). The VIF is to be completed and returned to Computershare as set out in the instructions provided on the VIF. Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

These securityholder materials are being sent to both registered and non-registered (beneficial) owners of the securities of the Corporation. If you are a beneficial owner, and the Corporation or its agent has sent these materials directly to you, your name, address and information about your holdings of securities, were obtained in accordance with applicable securities regulatory requirements from the intermediary holding securities on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding securities on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your VIF as specified in the request for voting instructions that was sent to you.

***If you are a Beneficial Shareholder:***

If you are a Beneficial Shareholder you should carefully follow the instructions of your broker or intermediary in order to ensure that your Common Shares are voted at the Meeting.

The form of proxy supplied to you by your broker will be similar to the Proxy provided by the Corporation to registered shareholders. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada. Broadridge mails a voting instruction form (“**VIF**”) in lieu of a Proxy provided by the Corporation. The VIF will name the same persons as the Corporation’s Proxy to represent your Common Shares at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than any of the persons designated in the VIF, to represent your Common Shares at the Meeting, and that person may be you. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge’s instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any shareholder’s representative. If you receive a VIF from Broadridge the VIF must be completed and returned to Broadridge in accordance with its instructions, well in advance of the Meeting, in order to have your Common Shares voted or to have an alternate representative duly appointed to attend the Meeting and to vote your Common Shares at the Meeting.

**Notice to Shareholders in the United States**

The solicitation of proxies involves securities of an issuer located in Canada and are being effected in accordance with the corporate laws of Yukon and securities laws of the Provinces and territories of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the Provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the Provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the *Business Corporations Act* (Yukon), certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

**Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the registered shareholder or the registered shareholder’s authorized attorney in writing, or, if the shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to Computershare or at the address of the records office of the Corporation at 1500 Royal Centre, 1055 West Georgia Street, P. O. Box 11117, Vancouver, British Columbia V6E 4N7, at any time up to and including

the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, the last business day that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law, or

- (b) personally attending the Meeting and voting the registered shareholder's Common Shares.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

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

No director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors, the continuation of the share option plan and as may be set out as set out herein.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of the Corporation has fixed August 14, 2017 as the record date (the "**Record Date**") for determination of persons entitled to receive notice of the Meeting. Only shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting, except to the extent that:

- (a) the shareholder has transferred the ownership of any such share after the record date, and
- (b) the transferee produces a properly endorsed share certificate for or otherwise establishes ownership of any of the transferred Shares and makes a demand to Computershare Investor Services Inc. no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

The Common Shares of the Corporation are listed on NEX (the "**NEX**") of the TSX Venture Exchange (the "**TSXV**"). As of the Record Date there were 19,085,071 Common Shares issued and outstanding, each carrying the right to one vote. No group of shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the Common Shares.

To the knowledge of the directors and executive officers of the Corporation, the only person or corporation that beneficially owned, directly or indirectly, or exercised control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common of the Corporation as at the Record Date is:

Shareholder Name	Number of Common Shares Held	Percentage of Issued Common Shares
Metallorum Holding, S.A.P.I. de C.V. <sup>(1)</sup>	16,370,215	85.77%

Note:

- (1) Metallorum Holding, S.A.P.I. de C.V. ("**Metallorum**") holds an aggregate of 16,370,215 Common Shares of the Corporation. This company is controlled by José Antonio Rivero-Larrea, a director of the Corporation, and together the percentage ownership of the Corporation is 85.77%. The 16,370,215 common shares were purchased on June 30, 2017 by Metallorum from Compañía Minera Autlán, S.A.B. de C.V. ("**Autlán**") (15,260,082 Common Shares) and from Grupo Ferrominero, S.A. de C.V. ("**Grupo**") (1,110,133 Common Shares). Autlán and Grupo are also controlled by Mr. Rivero-Larrea.

## FINANCIAL STATEMENTS

The audited financial statements of the Corporation for the year ended December 31, 2016, report of the auditor and related management discussion and analysis will be placed before the Meeting. Copies of these documents are available on [www.sedar.com](http://www.sedar.com).

## VOTES NECESSARY TO PASS RESOLUTIONS

A simple majority of affirmative votes cast at the Meeting is required to pass the resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, or another auditor is nominated, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## ELECTION OF DIRECTORS

The Articles of the Corporation provide that the number of directors of the Corporation will be a minimum of three and a maximum of ten. The term of office of each of the current directors will end at the conclusion of the Meeting. Unless the director's office is vacated earlier in accordance with the provisions of the *Business Corporations Act* (Yukon), each director elected will hold office until the conclusion of the next annual meeting of the Corporation, or if no director is then elected, until a successor is elected.

The Board has set the number of directors to be elected at the Meeting at four. The following disclosure sets out the names of management's nominees for election as directors, all major offices and positions with the Corporation and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment, the period of time during which each has been a director of the Corporation and the number of Shares of the Corporation beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name, Position with Corporation and Province and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period a Director of the Corporation	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
José Antonio Rivero-Larrea Director and Chairman of the Board Monterrey, México	Chairman, Grupo Ferrominero S.A. de C.V.; Chairman, Compañía Minera Autlán, S.A.B. de C.V., Chairman, Metallorum Holding, S.A.P.I. de C.V.	Since June 29, 1998	16,370,215 <sup>(2)</sup>
José Antonio Rivero-González Director, President and Chief Executive Officer Monterrey, México	2003 to 2016: CEO of Servicios Financieros Mexicanos S.A.P.I. de C.V., and CEO of SFM Holding S.A.P.I. de C.V., both privately owned capital firms with interests in mining, energy, agri-business, real estate and textiles; September 2015 to date: CEO of NWM Mining Corporation, a privately-held gold mining company with production in Mexico; CEO of Metallorum Holding, S.A.P.I. de C.V. From 2008-2011, CEO of GFM Textiles, S.A. de C.V.; Board member of Autlán and GFM Electronics. President & CEO of the Corporation since June 27, 2016. Mr. Rivero-González is related to Mr. Rivero-Larrea.	Since June 24, 2015	Nil

Name, Position with Corporation and Province and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period a Director of the Corporation	Common Shares Beneficially Owned or Controlled <sup>(1)</sup>
Erik C. Jurgensen Director Monterrey, México.	President, DALUS Vocational Training Centre in Mexico; Chief Executive Officer of the Corporation.	Since June 30, 2005	Nil
James Robertson, P. Eng. Director British Columbia, Canada	Metallurgical Engineer; President, Midas Management Inc., Vancouver, B.C.; Director, Sennen Potash Corporation; Director of Blackheath Resources Inc.; and former director of other publicly traded resource companies.	Since June 30, 2005	80,000
Horacio Alcocer Nominee Monterrey, Mexico	2016 to date: CFO at Metallorum Holding S.A.P.I. de C.V. From 2009 to date: President of A&S Real Estate SA de CV. Prior to Metallorum, Mr. Alcocer held various positions at Grupo Senda Autotransporte SA de CV, such as Treasury Manager, Comptroller, Investor Relations Officer and Director of one the business units (packing and delivery).	Nominee	Nil

Notes:

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.
- (2) José A. Rivero-Larrea holds these Common Shares indirectly through Metallorum Holding, S.A.P.I. de C.V., a company controlled by him.

None of the proposed nominees for election as a director of the Corporation are proposed for election pursuant to any arrangement or understanding between the nominee and any other person, except the directors and senior officers of the Corporation acting solely in such capacity.

### Advance Notice Provisions

As announced by news release dated and filed on SEDAR on April 16, 2014, the Board approved new by-laws which include advance notice provisions (the “**Advance Notice Provisions**”). The new by-laws were ratified and approved by the Corporation’s shareholders at the Corporation’s annual and special meeting held on June 26, 2014.

The Advance Notice Provisions provide shareholders, directors and management of the Corporation with a clear framework for nominating directors. Among other things, the Advance Notice Provisions fix a deadline by which holders of Common Shares must submit director nominations to the Corporation prior to any annual or special meeting of shareholders and sets forth the minimum information that a shareholder must include in the notice to the Corporation for the notice to be in proper written form.

A copy of the new By-law as referred to in the news release, was filed under the Corporation’s SEDAR profile at [www.sedar.com](http://www.sedar.com).

The Corporation has not received notice of a nomination in compliance with its new By-Laws and, as such, any nominations other than nominations by or at the direction of the Board or an authorized officer of the Corporation will be disregarded at the Meeting.

### Bankruptcies, Orders and Management Cease Trade Orders

Within the last 10 years before the date of this Management Proxy Circular no proposed nominee for election as a director of the Corporation was a director or executive officer of any company (including the Corporation in respect of which this Management Proxy Circular is prepared) acted in that capacity for a

company that:

- (a) subject to a cease trade or similar order or an order denying the relevant company access to any exemptions under securities legislation, for more than 30 consecutive days;
- (b) subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under the securities legislation, for a period of more than 30 consecutive days;
- (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; or has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) 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
- (e) subject to any other penalties or sanctions imposed by a court or a regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **APPOINTMENT OF AUDITOR**

Davidson & Company LLP, Chartered Professional Accountants, Suite 700 - 250 Howe Street, Vancouver, British Columbia, V6C 3S7, will be nominated at the Meeting for appointment as auditor of the Corporation at a remuneration to be fixed by the directors. Davidson & Company LLP, Chartered Professional Accountants, was first appointed as auditor of the Corporation by the shareholders on June 27, 2016.

#### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators requires the Corporation, as a venture issuer, to disclose annually in its management proxy circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following disclosure.

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

The audit committee has a charter. A copy of the audit committee charter was filed on SEDAR at [www.sedar.com](http://www.sedar.com) on June 7, 2006 as Schedule "A" to the management proxy circular for the 2006 annual meeting. A copy may also be obtained from the Chief Financial Officer of the Corporation, telephone number (604) 925-2839 or email at [info@gfm-resources.com](mailto:info@gfm-resources.com).

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

As at the date hereof, the members of the audit committee are Erik C. Jurgensen, James Robertson and José Antonio Rivero-González. Messrs. Robertson and Jurgensen are the independent members of the audit committee. Mr. Rivero-González is not independent as he is an officer of the Corporation and with affiliations to its majority shareholder, Metallorum Holding S.A.P.I. de C.V. All members of the audit committee are considered to be financially literate.

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

Erik C. Jurgensen, a chartered accountant, is a former Chief Financial Officer of Grupo Industrial Alfa, a US \$7.5 billion industrial conglomerate, and is currently the President of his own investment banking firm and Chief Executive Officer of the Corporation.

James Robertson is a metallurgical engineer with considerable experience with publicly listed companies in Canada. He is currently a director of various reporting companies. See disclosure under “Directorships”. He also sits on various audit committees. Through his company, Midas Management Inc., Mr. Robertson has extensive experience in administration and financing of public companies.

José Antonio Rivero-González has been CEO of Servicios Financieros Mexicanos, S.A.P.I. de C.V. and of SFM Holding, S.A.P.I. de C.V. since 2003; CEO of NWM Mining Corporation since 2015, and CEO of Metallorum Holding, S.A.P.I. de C.V. He is also member of several boards, and with ample experience in financial analysis and investment banking.

Each member of the audit committee has:

- an understanding of the accounting principles used by the issuer to prepare its financial statements, and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer’s financial statements, or experience actively supervising individuals engaged in such activities; and
- an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

The audit committee has not made any recommendations to the Board to nominate or compensate any external auditor other than Davidson & Company LLP, Chartered Professional Accountants.

### **Reliance on Certain Exemptions**

The Corporation’s auditor, Davidson & Company LLP, Chartered Professional Accountants, has not provided any material non-audit services.

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

See the audit committee charter concerning the adoption of specific policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees**

The audit committee has reviewed the nature and amount of the non-audit services provided by the auditors to the Corporation to ensure auditor independence. Fees incurred with the auditors for audit and non-audit services in the last two fiscal years for audit fees are outlined in the following table:

<b>Nature of Services</b>	<b>Fees Paid to Former Auditor in Year Ended December 31, 2016 <sup>(5)</sup></b>	<b>Fees Paid to Former Auditor in Year Ended December 31, 2015 <sup>(5)</sup></b>
Audit Fees <sup>(1)</sup>	\$10,500	\$34,650
Audit-Related Fees <sup>(2)</sup>	\$838	\$1,332
Tax Fees <sup>(3)</sup>	Nil	Nil
All Other Fees <sup>(4)</sup>	Nil	Nil
<b>Total</b>	<b>\$11,338</b>	<b>\$35,144</b>

Notes:

- (1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Corporation’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

- (3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) “All Other Fees” include all other non-audit services.
- (5) Davidson & Company LLP, Chartered Professional Accountants, was elected as auditor of the Corporation on June 27, 2016, replacing PricewaterhouseCoopers LLP, Chartered Professional Accountants. The fees paid during the financial year ended December 31, 2016 were still paid to the former auditor of the Corporation.

## **Exemption**

The Corporation is a venture issuer and relies on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*).

## **CORPORATE GOVERNANCE**

### **General**

Corporate governance refers to the policies and structure of the board of directors of a corporation, whose members are elected by and are accountable to the shareholders of the corporation. Corporate governance encourages establishing a reasonable degree of independence of the board of directors from executive management and the adoption of policies to ensure the board of directors recognizes the principles of good management. The Board is committed to sound corporate governance practices; as such practices are both in the interests of shareholders and help to contribute to effective and efficient decision-making.

### **Board of Directors**

Directors are considered to be independent if they have no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship which could, in the view of the Corporation’s board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

The Board facilitates its independent supervision over management by conducting a quarterly review of the Corporation’s financial statements and management discussion and analysis as well as requiring material transactions to be approved by the Board prior to the transaction taking place.

A majority of the Board is not independent. The independent members of the Board are James Robertson and Erik C. Jurgensen. The non-independent directors are José Antonio Rivero-Larrea (Chairman and President of Autlán), and Jose Antonio Rivero-González (President and CEO of the Corporation, and a director of Autlán).

### **Directorships**

José Antonio Rivero-Larrea is a director of Autlán, which listed is on the Mexican Stock Exchange, and of Metallorum Holding, S.A.P.I. de C.V. and Grupo Ferrominero, S.A. de C.V.

James Robertson is a director of Sennen Potash Corporation, and a director of Blackheath Resources Inc., both of which are reporting companies listed on the TSX Venture Exchange.

José Antonio Rivero-González is Alternate Chairman of Autlán, and board member of Scantech Inc. Caintra Nuevo León Club Industrial and Pronatura Noreste, among other.

### **Orientation and Continuing Education**

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Corporation’s properties and on the responsibilities of directors.

Board meetings may also include presentations by the Corporation’s management and employees to give the directors additional insight into the Corporation’s business.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Corporation’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual directors’ 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 Corporation.

### **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 views 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 Corporation, this policy will be reviewed.

### **Compensation**

The Board determines compensation for the directors and Chief Executive Officer.

### **Other Board Committees**

The Board has no other committees other than the audit committee.

### **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and the audit committee.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Named Executive Officers**

In this section "Named Executive Officer" ("NEO") means the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO") and each of the three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed fiscal year of December 31, 2016, and whose total salary and bonus exceeds \$150,000 as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Corporation at the end of the most recently completed financial year end. Under applicable laws José Antonio Rivero-González, CEO, and Salvador Miranda, CFO, are the NEOs of the Corporation for the period ended December 31, 2016.

The following disclosure sets out the compensation that the Board intended to pay, make payable, award, grant give or otherwise provide to each NEO for the Corporation's three most recently completed financial years ended December 31<sup>st</sup>. The compensation was paid to the NEOs in Canadian dollars.

### **Compensation Discussion and Analysis**

The Board has not appointed a compensation committee and the responsibilities relating to executive and director compensation, including reviewing and recommending director compensation, overseeing the Corporation's base compensation structure and equity-based compensation program, recommending compensation of the Corporation's officers and employees, and evaluating the performance of officers generally and in light of annual goals and objectives, is performed by the Board as a whole.

The Board also assumes responsibility for reviewing and monitoring the long-range compensation strategy for the Corporation's senior management. The Board reviews the compensation of senior management on an annual basis taking into account compensation paid by other issuers of similar size and activity.

The Board has not considered the implications of the risks associated with the Corporation's compensation program.

The Corporation intends to formalize its compensation policies and practices and will take into consideration the implications of the risks associated with the Corporation's compensation program and how it might mitigate those risks. The Corporation is a junior natural resource issuer whose shares are

listed on the NEX. The Corporation's principal objective is to identify potential mineral property transactions as a means to enhance shareholder value. In this context, the Corporation has a modest management team consisting of the CEO and CFO, who are retained on a consulting contract basis, supplemented where necessary by members of the Board. The Corporation's compensation scheme is designed to reward the NEOs for meeting the Corporation's principal objective while maintaining its status as a reporting issuer, and consists of three elements – a base salary, incentive stock options, and bonus compensation.

The CEO's compensation was determined by negotiation between the CEO and the majority shareholder of the Corporation, subject to the approval of the Board. The CFO's compensation was established by the CEO subject to the approval of the Board. The base salary element of compensation is designed to ensure the Corporation is able to retain qualified individuals to act as its CEO and CFO, and was established by arm's length negotiation with the NEOs. The Corporation grants stock options to the NEOs as a means of aligning management interests with those of the Corporation's shareholders.

### Option-Based Awards

The only equity compensation plan which the Corporation has in place is its share option plan dated for reference June 27, 2011, (the "Plan"). The Plan was established to provide incentive to qualified parties to increase their proprietary interest in the Corporation and thereby encourage their continuing association with the Corporation. The Plan is administered by the Board. The Plan provides that options will be issued to directors, officers, employees or consultants of the Corporation or a subsidiary of the Corporation. The Plan provides that the number of Common Shares issuable under the Plan, together with all of the Corporation's other previously established or proposed share compensation arrangements, may not exceed 10% of the total number of issued and outstanding Common Shares. All options expire on a date not later than ten years after the date of grant of such option. Vesting is determined by the Board.

Option grants are made at the discretion of the Board, subject to availability within the Corporation's option pool. The Corporation has traditionally granted the maximum number of options available based upon the recommendations of management and subject to the approval of the Board. See disclosure under heading "Particulars of Other Matters to be Acted upon – Continuation of Share Option Plan".

### Summary Compensation Table

The compensation paid to the NEOs during the Corporation's three most recently completed financial years ended December 31, 2016, 2015 and 2014 is as set out below and expressed in Canadian dollars unless otherwise noted:

Name and principal position	Year	Salary <sup>(1)</sup> (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation <sup>(3)</sup>		Pension value (\$)	All other compensation (\$)	Total compensation <sup>(2)</sup> (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
José Antonio Rivero-González CEO <sup>(3)</sup>	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Erik C. Jurgensen former CEO <sup>(3)</sup>	2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2014	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Salvador Miranda CFO <sup>(4)</sup>	2016	60,000	Nil	Nil	Nil	Nil	Nil	600 <sup>(5)</sup>	60,600
	2015	61,000	Nil	Nil	Nil	Nil	Nil	8,400	69,400
	2014	60,000	Nil	Nil	Nil	Nil	Nil	10,800	70,800

Notes:

(1) Includes the dollar value of cash and non-cash base salary earned during a financial year covered.

(2) These amounts include all amounts set out in table form for each NEO and executive officer.

(3) Mr. Rivero-González was appointed CEO on June 27, 2016, replacing Mr. Erik C. Jurgensen in that capacity.

- (4) Mr. Miranda was appointed CFO on October 19, 2006.
- (5) These funds were paid to InterAmerica Consulting & Development Inc. (“**InterAmerica**”), a company controlled by Salvador Miranda for administration fees (\$6,000) and rent (\$600) for the fiscal year ended December 31, 2016. The Corporation entered into a consulting services agreement with InterAmerica, whereby the Corporation pays InterAmerica a monthly fee of \$5,000 for consulting and administration services, and \$900 for office rental, which commenced January 1, 2013. The office rental was reduced to \$100 per month from October 2015 to December 2015, and to \$50 per month thereafter.

### **Incentive Plan Awards**

#### *Outstanding Share-based Awards and Option-based Awards*

There were no NEO option-based awards and share-based awards outstanding at December 31, 2016.

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

There were no options value vested under incentive plans by persons who were a NEO during the fiscal year ended December 31, 2016.

### **Pension Plan Benefits**

The Corporation has no pension plans for its directors, officers or employees.

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

#### *Potential Payments upon Termination*

The Consulting Services Agreement dated October 18, 2006 between the Corporation, Salvador Miranda and InterAmerica, a company for which Salvador Miranda is a principal, has a one-year term which renews annually. The Corporation is required to give 90 days prior written notice of termination, or payment of 90 days consulting fees. Termination upon change of control will require the Corporation to pay InterAmerica an amount equal to one calendar year’s monthly consulting fee.

## **DIRECTOR COMPENSATION**

### **Director Compensation Table**

Independent directors are not paid any annual fee to act as a director. The chairman of the Audit Committee is paid a monthly fee of \$1,000. NEOs do not receive additional compensation for serving as directors.

The compensation provided to the directors, excluding a director who is already set out in disclosure as a NEO for the Corporation’s most recently completed financial year of December 31, 2016 is as set out below:

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based Awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
José Antonio Rivero-Larrea	Nil	Nil	Nil	Nil	Nil	Nil	Nil
José Antonio Rivero-González	Nil	Nil	Nil	Nil	Nil	Nil	Nil
James Robertson	12,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	12,000
Erik C. Jurgensen	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) Mr. Robertson received \$12,000 in compensation for acting as Chairman of the Audit Committee of the Corporation, at a monthly rate of \$1,000.

#### *Outstanding Share-based Awards and Option-based Awards*

The Corporation did not grant any share-based awards during the year ended December 31, 2016.

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

There was no value vested or earned under incentive plans during the year ended December 31, 2016, by any director.

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

See “*Statement of Executive Compensation – Option-Based Awards*” for disclosure on the Corporation’s Plan.

**Equity Compensation Plan Information**

The following table sets out equity compensation plan information as at the end of the financial year ended December 31, 2016:

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options</b>	<b>Weighted-average exercise price of outstanding options</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</b>
Equity compensation plans approved by securityholders (the Plan)	Nil	N/A	1,908,507
Equity compensation plans not approved by securityholders	Nil	N/A	Nil
Total	Nil	N/A	1,908,507

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Corporation were indebted to the Corporation as of the end most recently completed financial year or as at the date hereof.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

To the knowledge of management of the Corporation, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Corporation or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries during the year ended December 31, 2016, or has any interest in any material transaction in the current year other than as set out herein or in a document disclosed to the public.

As at the year ended December 31, 2016:

- (a) The Corporation paid \$60,000 (2015: \$61,000) in management fees and \$600 (2015: \$8,400) in office rent to InterAmerica Consulting & Development Inc., a company controlled by Salvador Miranda, CFO.
- (b) The Corporation paid \$12,000 (2015: \$12,000) in directors’ fees to Midas Management Inc., a company controlled by James Robertson, a director, in his capacity as Chair of the Audit Committee of the Corporation.
- (c) Autlán advanced \$24,106 (2015: \$27,537) to the Corporation’s Mexican subsidiary for payments for the mineral rights of La Casita mineral property, administration and for other local obligations.
- (d) Autlán advanced \$118,000 (2015: \$133,000) to the Corporation pursuant to a convertible loan agreement, to enable the Corporation to meet its obligations. Interest accrued on this loan was \$22,011 (2015: \$18,166). Also included in liability component of convertible loan is \$140,612 (December 31, 2015 - \$118,601) in interest accrued corresponding to the loan agreement.

- (e) The Corporation owed \$570,262 (December 31, 2015: \$676,356) to Autlán for services provided to the Corporation's Mexican subsidiary.

On June 30, 2017, subsequent to the end of the most recently completed financial year, the Corporation entered into a Debt Forgiveness Agreement with Autlán, whereby all of the outstanding debt pursuant to the convertible loan agreement, including interest, and the debt of the Corporation's Mexican subsidiary, were forgiven. As at June 30, 2017, the Corporation was debt-free with respect to Autlán.

### MANAGEMENT CONTRACTS

There are no management functions of the Corporation, which are to any substantial degree performed by a person or company other than the directors or senior officers of the Corporation.

### PARTICULARS OF MATTERS TO BE ACTED UPON

#### **Continuation of Share Option Plan**

The Corporation has a Share Option Plan dated for reference June 27, 2011 (the "**Plan**"). The Plan is a rolling plan. Under the Plan, options totalling a maximum of 10% of the Common Shares outstanding from time to time are available for grant.

To comply with the policies of the TSXV covering "rolling" option plans, continued grants under the Plan must be approved annually by the shareholders of the Corporation. At the Meeting shareholders will be asked to ratify and approve the Plan for continuation until the next annual meeting of the Corporation.

As at August 14, 2017, there were 19,085,071 Common Shares issued and outstanding. Accordingly, under the Plan the Corporation has the authority to grant options to purchase up to a total of 1,908,507 Common Shares. No options were issued and outstanding as at the date of this Information Circular.

A copy of the Plan will be available for inspection at the Meeting.

The Plan is subject to the following restrictions:

- (a) The Corporation must not grant an option to a director, employee, consultant, or consultant company (the "**Service Provider**") in any 12-month period that exceeds 5% of the outstanding shares, unless the Corporation has obtained by a majority of the votes cast by the shareholders of the Corporation eligible to vote at a shareholders' meeting, excluding votes attaching to shares beneficially owned by Insiders and their Associates ("**Disinterested Shareholder Approval**");
- (b) The aggregate number of options granted to a Service Provider conducting Investor Relations Activities in any 12-month period must not exceed 2% of the outstanding shares calculated at the date of the grant, without the prior consent of the TSXV;
- (c) The Corporation must not grant an option to a Consultant in any 12-month period that exceeds 2% of the outstanding shares calculated at the date of the grant of the option;
- (d) The number of optioned shares issued to Insiders in any 12-month period must not exceed 10% of the outstanding shares (in the event that the Plan is amended to reserve for issuance more than 10% of the outstanding shares) unless the Corporation has obtained Disinterested Shareholder Approval to do so;
- (e) The exercise price of an option previously granted to an Insider must not be reduced, unless the Corporation has obtained Disinterested Shareholder Approval to do so.

#### ***Material Terms of the Plan***

The following is a summary of the material terms of the Plan:

- (a) Persons who are Service Providers to the Corporation or its affiliates, or who are providing services to the Corporation or its affiliates, are eligible to receive grants of options under the Plan;
- (b) Options granted under the Plan are non-assignable and non-transferable and are issuable for a period of up to 10 years;
- (c) For options granted to Service Providers, the Corporation must ensure that the proposed Optionee is a bona fide Service Provider of the Corporation or its affiliates;
- (d) An Option granted to any Service Provider will expire within one year (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Corporation, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Corporation;
- (e) If an Optionee dies, any vested option held by him or her at the date of death will become exercisable by the Optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such option;
- (f) In the case of an Optionee being dismissed from employment or service for cause, such Optionee's options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;
- (g) The exercise price of each option will be set by the Board on the effective date of the option and will not be less than the Discounted Market Price (as defined in the Plan);
- (h) Vesting of options shall be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Corporation or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Corporation or its affiliates during the vesting period; or (ii) the Service Provider remaining as a Director of the Corporation or its affiliates during the vesting period; and
- (i) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan.

The Board has determined that, in order to reasonably protect the rights of Participants, as a matter of administration, it is necessary to clarify when amendments to the Plan may be made by the Board without further shareholder approval. Accordingly, the Board proposes that the Plan also provides the following:

The Board may, without shareholder approval:

- (i) amend the Plan to correct typographical, grammatical or clerical errors;
- (ii) change the vesting provisions of an option granted under the Plan, subject to prior written approval of the TSXV, if applicable;
- (iii) change the termination provision of an option granted under the Plan if it does not entail an extension beyond the original expiry date of such option;
- (iv) make such amendments to the Plan as are necessary or desirable to reflect changes to securities laws applicable to the Corporation;
- (v) make such amendments as may otherwise be permitted by the TSXV Policies;
- (vi) if the Corporation becomes listed or quoted on a stock exchange or stock market senior to the TSXV, make such amendments as may be required by the policies of such senior stock exchange or stock market; and
- (vii) amend the Plan to reduce the benefits that may be granted to Service Providers.

### *Shareholder Approval*

At the Meeting shareholders will be asked to consider and vote on the ordinary resolution to ratify and confirm the Plan, with or without variation, as follows:

“**RESOLVED** that the Corporation’s 10% rolling Share Option Plan, dated for reference June 27, 2011, be and is hereby ratified and confirmed until the next annual meeting of the Corporation.”

An “ordinary resolution” is a resolution passed by the shareholders of the Corporation at a shareholders meeting by a simple majority of the votes cast in person or by proxy.

**The Board recommends that shareholders vote FOR the above-noted resolution.**

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is included in the Corporation’s audited financial statements for the financial year ended December 31, 2016, the report of the auditor and related management discussion and analysis, which were filed on SEDAR on March 3, 2017. Anyone may access these financial documents at [www.sedar.com](http://www.sedar.com) under “*Company Profiles*”, Public Companies – G, then select the Corporation’s SEDAR profile, select “*Audited annual financial statements*” and “*MD&A*”. Copies of the Corporation’s interim financial statements and related management discussion and analysis, as well as additional information, may also be obtained from SEDAR at [www.sedar.com](http://www.sedar.com). Paper copies of the Corporation’s annual and interim financial statements may also be obtained upon request from the Corporation’s Chief Financial Officer, telephone number (604) 925-2839 or email at [info@gfm-resources.com](mailto:info@gfm-resources.com).

Copies of the above documents will be provided, upon request, free of charge to security holders of the Corporation. The Corporation may require the payment of a reasonable charge from any person or company who is not a security holder of the Corporation, who requests a copy of any such document.

### **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Management Proxy Circular.

### **SHAREHOLDER PROPOSALS**

Pursuant to Canadian law, shareholder proposals to be considered for inclusion in the management proxy circular for the 2018 annual meeting of the Corporation (expected to be held in June 2018) must be received by Salvador Miranda, Chief Financial Officer of the Corporation, on or before the close of business on March 31, 2018.

### **DIRECTORS’ APPROVAL**

The contents of this Management Proxy Circular and its distribution to shareholders have been approved by the Board.

**DATED** at Vancouver, British Columbia, August 15, 2017.

### **BY ORDER OF THE BOARD OF DIRECTORS**

*“José Antonio Rivero-González”*

**José Antonio Rivero-González**  
**President and Chief Executive Officer**

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