**MAGNA TERRA MINERALS INC.**

**NOTICE OF ANNUAL AND SPECIAL MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**WITH RESPECT TO THE ANNUAL AND**

**SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON AUGUST 20, 2019**

**MAGNA TERRA MINERALS INC.**
**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual and special meeting of shareholders (the "**Meeting**") of Magna Terra Minerals Inc. (the "**Corporation**") will be held on August 20, 2019 at 10:00 a.m., at 150 York Street, Suite 410, Toronto, Ontario M5H 3S5, for the following purposes:

1. To receive and consider the financial statements of the Corporation for the fiscal year ended August 31, 2018 and the auditors' report;

2. To elect the directors;

3. To appoint the auditors and authorize the Board of Directors to fix their remuneration;

4. To consider, and if deemed advisable to adopt, a resolution annexed as Schedule "C" to the Management Information Circular of the Corporation dated July 24, 2019 (the "**Circular**"), ratifying and confirming the Corporation's Stock Option Plan;

5. To consider, and if deemed advisable, adopt a special resolution in the form annexed as Schedule "D" to the Circular, authorizing an amendment to the Articles of the Corporation so as to, if deemed advisable by the Board of Directors of the Corporation, consolidate, no later than twelve months from the date of the Meeting, the issued and outstanding common shares of the Corporation on the basis of one common share for a maximum of every four common shares issued and outstanding;

6. To consider, and if deemed advisable, adopt a resolution in the form annexed as Schedule "E" to the Circular, approving the issuance of common shares in connection with a proposed settlement of a debt by the Corporation, as required by the TSX Venture Exchange; and

7. To transact such other business as may properly come before the Meeting.

Only persons registered as shareholders on the records of the Corporation as of the close of business on July 16, 2019 (the "**Record Date**") are entitled to receive notice of, and to vote or act, at the Meeting. No person who becomes a shareholder after the Record Date will be entitled to vote or act at the Meeting or any adjournment thereof.

If a shareholder receives more than one proxy form because such shareholder owns shares registered in different names or addresses, each proxy form should be completed and returned as indicated in the proxy form.

If you are unable to attend the Meeting in person, please date, complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the Internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on

August 16, 2019 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

DATED July 24, 2019.

**By order of the Board of Directors**

*(signed) Lewis Lawrick*
**Lewis Lawrick**
President and Chief Executive Officer

**TABLE OF CONTENTS**

**MAGNA TERRA MINERALS INC.**
**MANAGEMENT INFORMATION CIRCULAR**

(Containing information as at July 24, 2019 unless indicated otherwise)

## SOLICITATION OF PROXIES BY MANAGEMENT

**This Management Information Circular (the "Circular") is furnished in connection with the solicitation by management of Magna Terra Minerals Inc. (the "Corporation") of proxies to be used at the Annual and Special Meeting of shareholders of the Corporation (the "Meeting") to be held at the time and place and for the purposes set forth in the Notice of Meeting.** It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to *Regulation 54-101 respecting Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**Regulation 54-101**"), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to beneficial owners of the shares. See "Appointment and Revocation of Proxies – Notice to Beneficial Shareholders of Shares" below.

If you cannot attend the Meeting in person, complete and return the enclosed form of proxy following the instructions therein.

## INTERNET AVAILABILITY OF PROXY-RELATED MATERIALS

### Notice-and-Access

Rules recently adopted by the Canadian securities administrators, known as the "notice and access" ("**Notice-and-Access**") distribution option, allow companies to send to shareholders who do not hold shares of the Corporation in their own names (referred to herein as "**Beneficial Shareholders**") a notice to the effect that proxy materials are available via the internet, rather than mailing full sets of proxy materials to them. This year, the Corporation chose to mail full sets of proxy materials to shareholders. "**Proxy-Related Materials**" refers to this Circular, the Notice of Meeting and a voting instruction form (for Beneficial Shareholders) or a form of proxy (for shareholders that hold their shares directly or indirectly in their respective names (referred to herein as "**Registered Shareholders**").

In the future, the Corporation may take advantage of the Notice-and-Access distribution option. If in the future the Corporation chooses to send such notices to shareholders, the notices will contain instructions on how shareholders can gain access to the Corporation's notice of meeting and management proxy circular via the internet. The notices will also contain instructions on how shareholders can ask that proxy materials be delivered to them electronically or in printed form on a one-time or ongoing basis.

## APPOINTMENT AND REVOCATION OF PROXIES

### Appointment of Proxy

A Registered Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A Registered Shareholder may also vote using the internet at www.investorvote.com or telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on August 16, 2019 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the Registered Shareholder or his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**A Registered Shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the Registered Shareholder's appointee should be legibly printed in the blank space provided. In addition, the Registered Shareholder should notify the appointee of his or her appointment, obtain his or her consent to act as appointee and instruct him or her on how the Registered Shareholder's shares are to be voted.**

Shareholders who are not Registered Shareholders should refer to "Notice to Beneficial Holders of Shares" below.

### Revocation of Proxy

A Registered Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a Registered Shareholder who has given a proxy personally attends the Meeting at which that proxy is to be voted, that Registered Shareholder may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or his attorney or authorized agent and deposited with (i) Computershare Investor Services Inc. at any time up to 5:00 p.m. (eastern time) on August 16, 2019 by mail or by hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by facsimile to 416-263-9524 or 1-866-249-7775, (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or (iii) with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon any such deposit, the proxy will be revoked.

### Notice to Beneficial Shareholders

The information set out in this section is of significant importance to many shareholders, as a substantial number of shareholders are Beneficial Shareholders and do not hold shares of the Corporation in their own names. Beneficial Shareholders should note that only proxies deposited by Registered Shareholders (shareholders whose names appear on the records of the Corporation as the registered holders of shares) can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Those shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of those shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of Proxy-Related Materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("**NOBOs**") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation**. Objecting beneficial owners ("**OBOs**") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

Regulation 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Proxy-Related Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver the Proxy-Related Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of Regulation 54-101, the Corporation is sending the Proxy-Related Materials indirectly through intermediaries to NOBOs and OBOs. The cost of the delivery of the Proxy-Related Materials by intermediaries to OBOs will be borne by the Corporation.

Applicable securities regulatory policy requires intermediaries, on receipt of Proxy-Related Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7 (Request for Voting Instructions Made by Intermediary). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of request for voting instructions supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). In forwarding the Proxy-Related Materials to Beneficial Shareholders, Broadridge typically includes a voting instruction form in lieu of the form of proxy that some intermediaries employ. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge's dedicated voting website at https://central-online.proxyvote.com to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to Computershare Investor Services Inc., the Corporation's transfer agent and registrar, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

## EXERCISE OF DISCRETION BY PROXIES

**Shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted for the: (i) election of directors; (ii) appointment of auditors; (iii) resolution ratifying and confirming the Stock Option Plan of the Corporation; (iv) special resolution authorizing an amendment to the Articles of the Corporation so as to, if deemed advisable by the Board of Directors of the Corporation, consolidate the issued and outstanding common shares of the Corporation on the basis of one common share for a maximum of every four common shares issued and outstanding; and (v) resolution approving the issuance of common shares in connection with a proposed settlement of a debt by the Corporation, as stated under such headings in this Circular.** Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters.

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

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of (i) any person who has been a director or executive officer of the Corporation at any time since the beginning of the Corporation's last financial year, (ii) any nominee for election as director of the Corporation, or (iii) any associate or affiliate of the persons listed in (i) and (ii), in any matter to be acted upon at the Meeting, other than the election of directors, the ratification, and confirmation of the Corporation's Stock Option Plan and the proposed settlement of a debt by the issuance of common shares of the Corporation.

## VOTING SECURITIES

The authorized capital stock of the Corporation consists of an unlimited number of common shares without par value. Each common share entitles its holder to one vote. On the date hereof, there were [87,454,572] common shares of the Corporation issued and outstanding.

The Board of Directors of the Corporation (the "**Board**") fixed the close of business on July 16, 2019 as the record date (the "**Record Date**") for determining which shareholders shall be entitled to receive notice of the Meeting and to vote in person or by proxy at the Meeting or any adjournment thereof. Pursuant to the *Canada Business Corporations Act* (the "**CBCA**"), the Corporation is required to prepare, no later than ten (10) days after the Record Date, an alphabetical list of the shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. The list of shareholders is available for inspection during usual business hours at the head office of the Corporation and at the Meeting.

## PRINCIPAL SHAREHOLDERS

As at July 24, 2019, to the best knowledge of the Corporation, the following is the only person who beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the Common Shares of the Corporation:

| Name and municipality of residence | Number of Common Shares held | Percentage |
|---|---|---|
| Lewis Lawrick……………………………………<br>Mississauga, Ontario | 13,786,575(1)(2) | 15.76% |

(1) The information is taken from the SEDI website at www.sedi.ca as of July 24, 2019. This information is generated from insider reports filed on SEDI by such person and is not within the direct knowledge of the Corporation.

(2) 12,104,575 of these shares are held through Thorsen Fordyce Merchant Capital Inc., a private company controlled by Mr. Lawrick.

## QUORUM FOR THE TRANSACTION OF BUSINESS

The Corporation's By-Laws provide that the quorum at a meeting of the shareholders of the Corporation shall be constituted by the attendance of two or more shareholders, present in person or represented by proxy, holding at least 10% of the votes attached to outstanding voting shares of the Corporation.

## PRESENTATION OF FINANCIAL STATEMENTS

The Corporation's annual consolidated financial statements for the fiscal year ended August 31, 2018 and the auditors' report thereon will be placed before the Meeting. The audited annual consolidated financial statements for the fiscal year of the Corporation ended August 31, 2018 were mailed to shareholders who requested a copy of them and are also available on the Corporation's profile on SEDAR at www.sedar.com. Additional copies of the audited annual consolidated financial statements for the fiscal year of the Corporation ended August 31, 2018 may be obtained from the Corporation upon request and will be available at the Meeting.

## ELECTION OF DIRECTORS

The By-Laws of the Corporation provide that the members of the Board are elected annually. The Board currently consists of five members. You can vote for the election of all the nominees described below, vote for the election of some of them and withhold from voting for others, or withhold from voting for all of them. Unless otherwise specified, the persons named in the enclosed form of proxy intend to vote **FOR** the election of the five nominees whose names are set out below. Each director will hold office until the next annual meeting of shareholders or until the election of his or her successor, unless the director resigns or his or her office becomes vacant by removal, death or any other cause.

Management does not contemplate that any of the nominees will be unable to serve on the Board but, if this should occur for any reason prior to the Meeting, the person named in the enclosed form of proxy reserves the right to vote for another nominee at his discretion unless the shareholder has indicated in the form of proxy his wish to abstain from exercising the voting rights attached to his shares at the time of the election of the directors.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his or her principal occupation, the date on which such person became a director of the Corporation, and the number of common shares of the Corporation that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

| Name state/province of residence | Director since | Office held | Number of Common Shares Owned or Controlled, Directly or Indirectly as at July 24, 2019 | Present occupation |
|---|---|---|---|---|
| Lewis Lawrick[(1)] Ontario, Canada | September 8, 2009 | President, CEO and Director | 13,786,575[(3)] | Managing Director of Thorsen Fordyce Merchant Capital Inc., a private investment firm |
| Denis Hall[(2)] Oregon, USA | May 18, 2017 | Chairman, Director | 1,647,357 | Chairman of the Corporation |
| Michael J. Byron[(2)] Ontario, Canada | February 24, 2010 | Director | 950,000 | Chief Executive Officer, Nighthawk Gold Corp. (a mining company) |
| Richard L. Bedell, Jr.[(1)] Nevada, USA | March 30, 2017 | Director | 70,000 | Executive Vice-President, Renaissance Gold Inc. (a mining company) |
| Dennis Logan[(1)] Ontario, Canada | September 8, 2017 | Director | Nil | Chief Financial Officer, Latin American Minerals Inc. Chief Financial Officer, BTU Metals Corp. |

(1) Members of the Audit Committee.

(2) Member of Compensation Committee.

(3) 12,104,575 of these shares are owned by Thorsen Fordyce Merchant Capital Inc., a private company controlled by Mr. Lawrick.

Each nominee has supplied the information concerning the number of common shares he beneficially owns or over which he exercises control or direction. All of the nominees whose names are hereinabove mentioned were elected directors of the Corporation at a shareholders' meeting for which a circular was issued.

**Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of the Corporation, none of the foregoing nominees for election as a director of the Corporation:

(a) is, or within the last ten years, has been a director, chief executive officer, or chief financial officer of any company that:

 (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which, in all cases, was in effect for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the director or executive officer was acting in the capacity as director, chief executive officer, or chief financial officer of such company; or

 (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer, or chief financial officer of such company; or

(b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of 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

(c) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

To the knowledge of the Corporation, none of the nominees for election as director of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

# COMPENSATION OF EXECUTIVE COMPENSATION AND DIRECTORS

## Compensation Discussion and Analysis

### *Interpretation*

"Named executive officer" ("**NEO**") means:

(a) a Chief Executive Officer ("**CEO**");

(b) a Chief Financial Officer ("**CFO**");

(c) each of the 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 whose total compensation was, individually, more than $150,000 for that financial year; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year.

The NEOs who are the subject of this Compensation Discussion and Analysis are Lewis Lawrick, President and CEO of the Corporation, and Errol Farr, CFO of the Corporation.

**Compensation and Corporate Governance Committee**

As at the date hereof, the Compensation Committee is composed of three (3) directors, namely Michael Byron, Denis Hall, and Richard L. Bedell Jr., all of which are independent within the meaning of Regulation 52-110 *respecting Audit Committees*. The Board believes that the members of the Compensation Committee have the knowledge, experience and required backgrounds to fulfill the Compensation Committee's mandate, and each member of the Compensation Committee has direct experience that is relevant to his responsibilities in executive compensation. In particular, (i) Michael Byron has thirty years of field work, research, and senior management experience in gold, base-metal, magmatic nickel & PGE, diamond, and gemstone exploration. He currently sits on the board of 3 other publicly trades companies, including time on compensation committee's (ii) Denis Hall is Denis has over 40 years' experience in the minerals exploration industry, including approximately 20 years as country manager based in Argentina and (iii) Richard L. Bedell Jr. is a seasoned executive with experience at the board of directors level, see Schedule B for more information. These collective skills and vast experience allow the Compensation Committee to make decisions affecting the relevance of policies and practices regarding the Corporation's compensation.

The mandate of the Compensation Committee is to oversees the remuneration policies and practices of the Corporation and its principal responsibilities include: (i) comparing the nature and amount of the Corporation's directors' and executive officers' compensation to performance against goals set for the year while considering relevant comparative information, independent expert advice and the financial position of the Corporation, (ii) making recommendations to the Board in respect of director and executive officer remuneration matters, and (iii) administering the Stock Option Plan and granting options thereunder.

The Compensation Committee is mandated to review the compensation of the directors on an annual basis. The Committee review includes consideration of the adequacy, amount and form of compensation which a director receives, directly or indirectly, and whether such compensation realistically reflects the time commitment, responsibilities and risks of each director.

With respect to compensation of senior officers, the Compensation Committee is responsible for reviewing and approving the performance evaluations of the Corporation's senior officers and approving the individual compensation packages provided to senior officers. In conducting its analysis, the Committee will consider the compensation provided to senior officers in comparable organizations.

***Compensation Program Objectives***

In light of the Corporation's current stage of development, it does not have a formal compensation program. Upon recommendation of the Compensation Committee, the Board meets to discuss and determine management compensation without reference to formal criteria. The general objective of the Corporation's compensation is to: (i) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (ii) align management's interests with the long-term interests of shareholders; (iii) provide a compensation package that is commensurate with other junior mining exploration companies in order to enable the Corporation to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a junior mining exploration company without a history of earnings.

***Purpose of the Compensation Program***

The Board, as a whole, upon recommendation of the Compensation Committee ensures that total compensation paid to all NEOs is fair and reasonable and accomplishes the following long-term objectives:

- produce long-term positive results for the Corporation's shareholders;
- align executive compensation with corporate performance; and
- provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

The Board also relies on the experience of its members in assessing compensation levels.

***Elements of Compensation Program***

The executive compensation program consists of a combination of base salary and/or compensation, performance bonuses and stock option incentives.

### *Purpose of Each Element of the Executive Compensation Program*

The base salary and/or compensation of an NEO is intended to attract and retain executives by providing a reasonable amount of non-contingent remuneration.

Stock options are generally awarded to NEOs on an annual basis based on performance. The granting of stock options upon hire aligns NEOs' rewards with an increase in shareholder value over the long term. The use of stock options encourages and rewards performance by aligning an increase in each NEO's compensation with increases in the Corporation's performance and in the value of the shareholders' investments.

### *Determination of the Amount of Each Element of the Executive Compensation Program*

*Intervention of the Board*

The base salary and/or compensation and the performance bonus of the NEOs' of the Corporation, other than the President, are reviewed annually by the President, who makes recommendations to the Compensation Committee. The Board reviews the recommendations of the President and Compensation Committee and approves the base salary and/or the compensation and the performance bonus of the NEOs based on the recommendations of the President. The base salary and/or compensation and the performance bonus for the President are reviewed annually by the Compensation Committee and the Board.

*Base Salary and/or Compensation*

The base salary and/or compensation review of each NEO takes into consideration the current competitive market conditions, experience, proven or expected performance, and the particular skills of the NEO. Base salary and/or the compensation is not evaluated against a formal "peer group". The Board relies on the general experience of its members in setting base salary and/or compensation amounts.

*Stock Options*

The Corporation has established a stock option plan (the "**Stock Option Plan**") pursuant to which stock options may be granted to directors, officers, employees and consultants of the Corporation as an incentive to serve the Corporation in attaining its goal of improved shareholder value. The Board determines which NEOs (and other persons) are entitled to participate in the Stock Option Plan, determines the number of options granted to such individuals, determines the date on which each option is granted and the corresponding exercise price. For further information regarding the Stock Option Plan refer to "Securities Authorized for Issuance Under Equity Compensation Plans".

The Board makes these determinations subject to the provisions of the existing Stock Option Plan and, where applicable, the policies of the TSX Venture Exchange (the "**Exchange**").

*Group Benefits/Perquisites*

The officers of the Corporation do not benefit from any life, medical, long-term disability or other insurance. None of the officers benefit from a retirement plan. Link to Overall Compensation Objectives

Each element of the executive compensation program has been designed to meet one or more objectives of the overall program.

The Corporation believes that:

(i) base salaries provide an immediate cash incentive for the Corporation's NEOs and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent;

(ii) performance bonuses encourage and reward performance over the fiscal year compared to predefined goals and objectives and reflect progress toward company-wide performance objectives and personal objectives; and

(iii) Options ensure that the NEOs are motivated to achieve long-term growth of the Corporation and continuing increases in shareholder value, and provide capital accumulation linked directly to the Corporation's performance.

*External Compensation Consultants*

During the fiscal years ended August 31, 2017 and 2018, the Corporation did not retain the services of executive compensation consultants to assist the Compensation Committee or the Board in determining compensation for any of the Corporation's NEOs or directors.

*Compensation Risk Management*

The Board has not proceeded to an evaluation of the implications of the risks associated with the Corporation's compensation policies and practices. The Corporation has not adopted a policy forbidding directors or officers of the Corporation from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Corporation's securities granted as compensation or held, directly or indirectly, by directors or officers. The Corporation is not, however, aware of any directors or officers having entered into this type of transaction.

## A - COMPENSATION OF EXECUTIVE OFFICERS

***Summary Compensation Table***

The following table presents information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, to NEOs by the Corporation for services in all capacities to the Corporation during the three most recently completed fiscal years:

| Name and principal position | Year | Salary ($) | Share-based awards ($) | Option-based awards ($) | Non-equity incentive plan compensation ($) Annual incentive plans | Non-equity incentive plan compensation ($) Long-term incentive plans | Pension value ($) | All other compensation ($) | Total compensation ($) |
|---|---|---|---|---|---|---|---|---|---|
| Lewis Lawrick President and CEO | 2018 | 150,000[(1)] | - | - | - | - | - | - | 150,000 |
| | 2017 | 125,625[(1)] | - | 89,944[(2)] | - | - | - | - | 215,569 |
| | 2016 | 24,000[(1)] | - | 29,925[(3)] | - | - | - | - | 53,925 |
| Errol Farr CFO | 2018 | 96,000 | - | - | - | - | - | - | 96,000 |
| | 2017 | 55,000 | - | 42,761[(2)] | - | - | - | - | 97,761 |
| | 2016 | 20,000 | - | 9,975[(3)] | - | - | - | - | 29,975 |

(1) Amount incurred as management fees. These amounts were paid to VLL Investments Inc., a private company controlled by Lewis Lawrick. As at August 31, 2018 and July 24, 2019, $25,000 was accrued and unpaid.

(2) The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: weighted average risk-free interest rate 1.455%; weighted average expected volatility: 214%; weighted average expected life: 5 years; and weighted average expected dividend yield: 0%. The Black-Scholes option pricing model was selected by the Corporation as it is the most widely-adopted and used option-valuation method.

(3) The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: weighted average risk-free interest rate 0.55%; weighted average expected volatility: 219%; weighted average expected life: 5 years; and weighted average expected dividend yield: 0%. The Black-Scholes option-pricing model was selected by the Corporation as it is the most widely-adopted and used option-valuation method.

## Incentive Plan Awards — Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed fiscal year to the NEOs of the Corporation:

| Name | Option-based Awards | | | | Share-based Awards | | |
|---|---|---|---|---|---|---|---|
| | Number of securities underlying unexercised options (#) | Option exercise price ($) | Option expiration date | Value of unexercised in-the-money options[(1)] ($) | Number of shares or units of shares that have not vested (#) | Market or payout value of share-based awards that have not vested ($) | Market or payout value of vested share-based awards not paid out or distributed ($) |
| Lewis Lawrick | 600,000 | 0.065 | May 18, 2022 | - | - | - | - |
| | 750,000 | 0.07 | August 9, 2022 | - | - | - | - |
| Errol Farr | 400,000 | 0.065 | May 18, 2022 | - | - | - | - |
| | 250,000 | 0.07 | August 9, 2022 | - | - | - | - |

(1) Based on closing price of the common shares of the Corporation on August 31, 2018 ($0.035).

### Incentive Plan Awards — Value Vested or Earned During the Most Recently Completed Financial Year

The following table presents information concerning value vested with respect to option-based awards and share-based awards for each NEO during the most recently completed fiscal year:

| Name | Option-based awards – Value vested during the year ($) | Share-based awards – Value vested during the year ($) | Non-equity incentive plan compensation – Value earned during the year ($) |
|---|---|---|---|
| Lewis Lawrick | - | - | - |
| Errol Farr | - | - | - |

### Pension Plan Benefits

The Corporation does not have a defined benefits pension plan or a defined contribution pension plan.

### Termination and Change of Control Benefits

During the most recently completed fiscal year there were no employment contracts, agreement, plans or arrangements providing for payments to an NEO, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Corporation or a change in an NEO's responsibilities.

## B - DIRECTOR COMPENSATION

### *Director Compensation Table*

The following table sets forth information with respect to all amounts of compensation provided to the directors of the Corporation for the most recently completed fiscal year:

| Name | Fees earned ($) | Share-based awards ($) | Option-based awards ($) | Non-equity incentive plan compensation ($) | Pension value ($) | All other compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|
| Michael J. Byron | 2,750(2) | - | - | - | - | - | 2,750 |
| Denis Hall | 4,750(2) | - | - | - | - | - | 4,750 |
| Richard Bedell | 2,750(2) | - | - | - | - | - | 2,750 |
| Dennis Logan | 4,500(2) | - | 19,680(1) | - | - | - | 24,180 |

(1) The fair value of each option granted is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: weighted average risk-free interest rate 1.61%; weighted average expected volatility: 214%; weighted average expected life: 5 years; and weighted average expected dividend yield: 0%. The Black-Scholes option pricing model was selected by the Corporation as it is the most widely-adopted and used option-valuation method.

(2) Directors fees earned and paid. As at August 31, 2018 and July 24, 2019, $27,625 has been accrued and remains unpaid.

### *Incentive Plan Awards — Outstanding Share-Based Awards and Option-Based Awards*

The following table sets forth information in respect of all share-based awards and option-based awards outstanding at the end of the most recently completed fiscal year to the directors of the Corporation:

| Name | Option-based Awards | | | | Share-based Awards | | |
|---|---|---|---|---|---|---|---|
| | **Number of securities underlying unexercised options (#)** | **Option exercise price ($)** | **Option expiration date** | **Value of unexercised in-the-money options[1] ($)** | **Number of shares or units of shares that have not vested (#)** | **Market or payout value of share-based awards that have not vested ($)** | **Market or payout value of vested share-based awards not paid out or distributed ($)** |
| Denis Hall | 500,000 | 0.065 | May 18, 2022 | - | - | - | - |
| Michael J. Byron | 375,000<br>400,000<br>375,000 | 0.05<br>0.065<br>0.07 | June 28, 2021<br>May 18, 2022<br>August 9, 2022 | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- | -<br>-<br>- |
| Richard Bedell | 400,000 | 0.065 | May 18, 2022 | - | - | - | - |
| Dennis Logan | 400,000 | 0.065 | September 7, 2022 | - | - | - | - |

(1) Based on closing price of the common shares of the Corporation on August 31, 2018 ($0.035).

### *Incentive Plan Awards —Value Vested or Earned During the Most Recently Completed Fiscal Year*

The following table presents information concerning value vested with respect to option-based awards and share-based awards for the directors of the Corporation during the most recently completed financial year:

| Name | Option-based awards Value vested during the year ($) | Share-based awards Value vested during the year ($) | Non-equity incentive plan compensation – Value earned during the year ($) |
|---|---|---|---|
| Denis Hall | - | - | - |
| Michael J. Byron | - | - | - |
| Richard Bedell | - | - | - |
| Dennis Logan | - | - | - |

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at August 31, 2018, the end of the Corporation's most recently completed fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights<br>(a) | Weighted-average exercise price of outstanding options, warrants and rights<br>(b) | Number of securities available for future issuance under equity compensation plans (excluding securities reflected in column (a))<br>(c) |
|---|---|---|---|
| Equity compensation plans previously approved by security holders | 5,700,000 | $0.07 | 1,345,339 |
| Equity compensation plans not previously approved by security holders | - | - | - |
| Total | 5,700,000 | $0.07 | 1,345,339 |

### *Stock Option Plan*

The Corporation's Stock Option Plan was adopted by the Board on November 13, 2009, amended on April 10, 2012 and amended on November 12, 2012. Pursuant to the Stock Option Plan:

- The maximum number of common shares which may be issued for all purposes under the Stock Option Plan shall be equal to 10% of the issued and outstanding shares of the Corporation at the time of the grant of the options;

- The maximum number of common shares which may be reserved for issuance to any one person under the Stock Option Plan shall not exceed, on any twelve (12) month period, 5% of the common shares outstanding at the time of the grant less the aggregate number of common shares reserved for issuance to such person under any other option to purchase common shares from treasury granted as a compensation or incentive mechanism;

- The maximum number of common shares which may be reserved for issuance to a consultant shall not exceed, on any twelve (12) month period, 2% of the common shares outstanding at the time of grant;

- The maximum number of common shares which may be reserved for issuance to all persons providing investor relations activities shall not exceed, on any twelve (12) month period, 2% of the common shares outstanding at the time of the grant and an option issued to a person performing investor relations activities must vest in stages over twelve (12) months from the date of grant with no more than 25% of the options vesting in any three (3) month period;

- The Board shall establish the exercise price at the time each option is granted, which shall in all cases be not less than: (i) the closing price of the common shares on the Exchange on the trading day immediately preceding the date of the grant or (ii) in the event that there were no transactions, the average between the closing "Bid" and the closing "Ask" on the trading day immediately preceding the date of the grant;

- Options are exercisable for a maximum period of five (5) years;
- Upon the retirement, resignation, or termination of the optionee's employment, the optionee's options will expire thirty (30) days from the date of termination, subject to the options' date of expiration and, in the case of death, the options granted to the optionee will expire twelve (12) months following the date of death, subject to the options' date of expiration; and
- The options are non-assignable and non-transferable.

## INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or who was at any time during the fiscal year ended August 31, 2018, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended August 31, 2018, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year ended August 31, 2018 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The management of the Corporation is not aware (accept as disclosed below) of any material interest, direct or indirect, that any director, proposed director, officer, shareholder of the Corporation holding, directly or indirectly, as beneficial owner, more than 10% of the outstanding common shares of the Corporation or any associate or affiliate of any such persons would have in any material transaction concluded since the beginning of the last financial year of the Corporation or in any proposed transaction which had or could have a material effect on the Corporation. On December 28, 2018 the Corporation completed a private placement resulting in the resulting in the issuance of 5,700,000 common shares of the Corporation to Thorsen Fordyce Merchant Capital Inc. ("Thorsen") which is controlled by Lew Lawrick. On June 4, 2019 completed a shares for debt transaction which resulting in the issuance of 1,868,000 common shares of the Corporation to Thorsen.

AUDIT COMMITTEE

***Charter of the Audit Committee***

The text of the audit committee's charter is attached hereto as Schedule "A".

***Information on Audit Committee***

The information on the audit committee is attached hereto as Schedule "B".

## CORPORATE GOVERNANCE PRACTICES

*Regulation 58-101 respecting Disclosure of Corporate Governance Practices and Policy Statement 58-201 respecting Corporate Governance Guidelines* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation's required annual disclosure of its corporate governance practices.

***Board***

1. Independent Directors

   The independent directors of the Corporation are Denis Hall, Michael J. Byron, Richard Bedell and Dennis Logan.

2. Non Independent Directors

   The non-independent director of the Corporation is Lewis Lawrick, in light of his position as President and CEO of the Corporation.

***Directorships***

The following directors are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

| **Name of Director** | **Issuer** |
|---|---|
| Lewis Lawrick | Serengeti Resources Inc.<br>Anaconda Mining Inc. |
| Michael J. Byron | Anaconda Mining Inc.<br>Nighthawk Gold Corp.<br>X-Terra Resources Inc.<br>Luxxfolio Holdings Inc. |
| Richard Bedell | Renaissance Gold Inc. |
| Dennis Logan | None |

***Orientation and Continuing Education***

The Corporation does not currently have a formal orientation program for new directors. The Board has not at this time taken any measures to provide continuing education for the directors. However, the directors of the Corporation are encouraged to attend, at the Corporation's expense, any seminar given by the Exchange or the Canadian Securities Administrators relating to the management of a public company or relating to their responsibilities as a director of a public company. Furthermore, the directors are given access to the Corporation's legal advisors for any questions they may have relating to such responsibilities.

***Ethical Business Conduct***

In light of the Corporation's stage of development and its limited number of employees, the Board has not taken formal steps to encourage and promote a culture of ethical business conduct.

***Nomination of Directors***

The Board does not have a nominating committee. The current size and composition of the Board allows the entire Board to take the responsibility for finding and nominating new directors, taking into consideration the competencies, skills, experiences, and ability to devote the required time.

***Compensation***

The Board determines compensation. Compensation decisions are made based on regular reviews of industry specific standards, the Corporation's capacity to provide such compensation and the particular requirements of the position.

***Other Board Committees***

The only standing committees constituted by the Board are the Audit Committee and the Compensation Committee.

***Assessments***

To date, no formal evaluation process has been put in place to evaluate the effectiveness of the directors, the descriptions of the positions held or the competence and qualifications that each director is required to bring to the Board. This task is the responsibility of the Board who punctually reviews its operation as well as its directors' role, and its members are encouraged to give feedback regarding the effectiveness of the Board as a whole, its practices and individual directors will, when necessary, make recommendations to the Board.

## APPOINTMENT OF AUDITORS

At the annual and special meeting held on June 14, 2018, shareholders appointed Parker Simone LLP, Chartered Professional Accountants, as the auditor of the Corporation. On August 28, 2018, the Corporation accepted the resignation, at its request, of parker simone LLP, Chartered Professional Accountants, as the auditor of the Corporation and named MNP LLP, Chartered Professional Accountants, as the new auditor of the Corporation.

In light of the foregoing, a reporting package is annexed to this Circular as Schedule F, as required by Regulation 51-102 *respecting Continuous Disclosure Obligations*. The reporting package contains a: (i) Notice of Change of Auditors dated August 28, 2018 from the Corporation; (ii) letter dated August 31, 2018 from MNP LLP, Chartered Professional Accountants; and (iii) letter dated September 6, 2018 from parker simone LLP, Chartered Professional Accountants.

**Except where authorization to vote with respect to the appointment of the auditor is withheld, the persons named in the accompanying form of proxy intend to vote FOR of the appointment of MNP LLP, Chartered Professional Accountants, as auditors of the Corporation to hold office until the next meeting of shareholders at such remuneration as may be determined by the Board.** MNP LLP, Chartered Professional Accountants, have served as the auditor of the Corporation since August 31, 2019.

## RATIFICATION OF THE STOCK OPTION PLAN

The material terms and conditions of the Stock Option Plan are set out under the heading "Securities Authorized For Issuance Under Equity Compensation Plans - *Stock Option Plan*" in this Circular.

Under the Stock Option Plan, the Board may, from time to time and at its discretion, grant to directors, officers, employees or consultants of the Corporation options to acquire common shares of the Corporation, provided that the number of options granted does not exceed a maximum of 10% of the aggregate number of common shares of the Corporation issued and outstanding.

Consequently, the number of common shares that are reserved under the Stock Option Plan is automatically increased or decreased as the number of issued and outstanding common shares of the Corporation increases or decreases. This is known as a "rolling" stock option plan.

Under the rules of the Exchange, a "rolling" stock option plan must receive shareholder approval yearly, at the annual meeting of shareholders.

Accordingly, the Corporation's shareholders will be asked to adopt a resolution in the form annexed hereto as Schedule "C". In order to be adopted, the resolution must be approved by a majority of the votes cast by the shareholders, either present in person or represented by proxy at the Meeting. **Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote FOR of the resolution approving the Stock Option Plan.**

## CONSOLIDATION OF SHARES

As at July 24, 2019, there were 87,454,572 issued and outstanding common shares of the Corporation. The Corporation considers that without a share consolidation, it may be more difficult for the Corporation to effect future financings and enhance future growth opportunities.

Accordingly, shareholders will be asked to approve a special resolution in the form annexed hereto as Schedule "D" (the "**Special Resolution**"), authorizing, if deemed advisable by the Board, an amendment to the Articles of the Corporation so as to consolidate the issued and outstanding common shares of the Corporation on the basis of one share for a maximum of every four common shares issued and outstanding (the "**Share Consolidation**"). In order to be adopted, the Special Resolution must be approved by at least two-thirds of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting. **Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote FOR the Special Resolution.**

If the Special Resolution is adopted by the shareholders, Articles of Amendment will be filed if and when deemed advisable by the Board in its discretion, but in no case later than twelve months from the date of the Meeting. In such event, subject to the maximum referred to above, the determination of the basis for the consolidation will be at the discretion of the Board. Notwithstanding the foregoing, the Special Resolution authorizes the Board to abandon the proposed amendment to the Articles of the Corporation without further approval from the shareholders. **The amendment of the Articles will not have any effect on the operations of the Corporation.**

The principal effect of the Share Consolidation will be that the number of common shares issued and outstanding will be reduced from 87,454,572 common shares as of July 24, 2019 to between approximately 21,454,572 and 43,727,286 common shares, depending on the ratio selected by the Board.

In general, the Share Consolidation will not be considered to result in a disposition of common shares by shareholders for Canadian federal income tax purposes. The aggregate adjusted cost base to a shareholder for such purposes of all common shares held by the shareholder will not change as a result of the Share Consolidation; however, the shareholder’s adjusted cost base per common share will increase proportionately.

***Principal Effects of the Share Consolidation***

If approved and implemented, the Share Consolidation will occur simultaneously for all the common shares and the consolidation ratio would be the same for all such common shares. The consolidation would affect all shareholders equally. If the Share Consolidation would result in a Registered Shareholder holding a fraction of a share, no fraction or fractional share or certificate will be issued. In the event that the Share Consolidation would result in a Registered Shareholder holding a fraction of a common share, such fractional common share shall be rounded down to the nearest whole number of common shares and any fractional common share post-Share Consolidation will be cancelled without payment of any consideration. In all other respects, the post-consolidation common shares will have the same attributes as the existing common shares. The Share Consolidation will not change a shareholder's proportionate interest in the Corporation, even though such ownership will be represented by a smaller number of common shares.

The Share Consolidation will not change, in any way, any shareholder’s proportion of votes to total votes; however, if the Share Consolidation Resolution is passed, the total number of votes that a Shareholder may cast at any future general meeting of the Corporation will be reduced. Any fractional common share resulting from the Share Consolidation will be rounded down to the nearest whole number and any fractional post-consolidation common share will be cancelled without consideration.

The exercise or conversion price and the number of common shares issuable under any outstanding convertible securities of the Corporation, including outstanding incentive stock options and common share purchase warrants will be adjusted in accordance with their terms if the Share Consolidation is implemented.

### *Certain Risks of the Share Consolidation*

The effect of the Share Consolidation upon the market price of the common shares cannot be predicted with any certainty, and the history of similar share consolidations for corporations similar to the Corporation is varied. There can be no assurance that the total market capitalization of the common shares immediately following the Share Consolidation will be equal to or greater than the total market capitalization immediately before the Share Consolidation. In addition, there can be no assurance that the per-share market price of the common shares following the Share Consolidation will remain higher than the per-share market price immediately before the Share Consolidation or equal or exceed the direct arithmetical result of the Share Consolidation. In addition, a decline in the market price of the common shares after the Share Consolidation may result in a greater percentage decline than would occur in the absence of the Share Consolidation. Furthermore, the Share Consolidation may lead to an increase in the number of shareholders who will hold "odd lots"; that is, a number of shares not evenly divisible into "board lots" (a board lot is either 100, 500 or 1,000 shares, depending on the price of the shares). As a general rule, the cost to shareholders transferring an odd lot of common shares is somewhat higher than the cost of transferring a board lot. Nonetheless, despite the risks and the potential increased cost to shareholders in transferring odd lots of post-consolidation common shares, the Board believes the Share Consolidation is in the best interest of all shareholders.

### *Effect on Common Share Certificate*

If the Share Consolidation is approved by shareholders and implemented, registered shareholders will be required to exchange their existing share certificates for new share certificates representing post-consolidation common shares. If the Board decides to implement it, then following the announcement by the Corporation of the effective date of the Share Consolidation, registered shareholders will be sent a letter of transmittal from the Corporation's transfer agent, Computershare Investor Services Inc., as soon as practicable after the effective date of the Share Consolidation. The letter of transmittal will contain instructions on how to surrender certificate(s) representing pre-consolidation common shares to the transfer agent. The transfer agent will forward to each registered Shareholder who has sent the required documents a new share certificate representing the number of post-consolidation common shares to which the Shareholder is entitled. Until surrendered, each share certificate representing pre-consolidation common share will be deemed for all purposes to represent the number of whole post-consolidation common shares to which the shareholder is entitled as a result of the Share Consolidation.

### *Effect on Beneficial Shareholders*

Beneficial Shareholders holding their common shares through a bank, broker or other intermediary should note that such banks, brokers or other intermediaries may have different procedures for processing the Share Consolidation than those that will be put in place by the Corporation for registered shareholders. If you hold your common shares with a bank, broker or other intermediary and if you have any questions in this regard, you are encouraged to contact your intermediary. SHAREHOLDERS SHOULD NOT DESTROY ANY SHARE CERTIFICATES(S) AND SHOULD NOT SUBMIT ANY SHARE CERTIFICATE(S) UNTIL REQUESTED TO DO SO.

### *Procedure for Implementing the Share Consolidation*

If the Share Consolidation is approved by shareholders and the Board decides to implement it, the Corporation will promptly file articles of amendment with the Director under the CBCA in the form prescribed by the CBCA to amend the Corporation's articles of incorporation. The Share Consolidation would then become effective on the date shown in the certificate of amendment issued by the Director under the CBCA or such other date indicated in the articles of amendment, following which the common shares will start trading on a consolidated basis on the Exchange at a date to be coordinated with the Exchange and announced in advance by the Corporation.

### *No Dissent Rights*

Under the CBCA, the Shareholders do not have any dissent rights with respect to the proposed Share Consolidation.

## APPROVAL OF A SETTLEMENT OF DEBT IN SHARES

On April 3, 2019, the Corporation entered into a Debt Settlement Agreement with Paul Robinson, Vice President, Exploration of the Corporation, pursuant to which the Corporation agreed to issue 1,200,960 common shares (the "**Shares**") at a deemed price per share of $0.05 in settlement of a debt in the aggregate amount of $60,048.00, representing an amount of US$45,000 converted into Canadian dollars using an exchange rate of 1.3344, as reported by the Pacific Exchange Rate services on the close of business on April 2, 2019 (the "**Debt**"), and Paul Robinson agreed to accept the Shares so issued as complete and final payment in satisfaction of all sums owing in connection with the Debt (the "**Debt Settlement**").

The Debt is owed by the Corporation for services provided by Mr. Robinson from August 2018 to March 2019 which have been accrued and not paid by the Corporation. The Board agreed to settle the Debt owed to Mr. Robinson by the issuance of common shares from treasury in order to preserve the cash liquidity of the Corporation for its operations. Pursuant to Policy 4.3 of the Exchange any debt settlement for management fees greater than $2,500 per month must be priced at no less than the discounted market price, as defined in the Exchange policies, and in any event not less than a minimum of $0.05 per share, and additionally must receive disinterested shareholder approval.

As of the date of this Circular, Mr. Robinson owns 1,600,000 common shares of the Corporation. Following the completion of the proposed Debt Settlement, Mr. Robinson is expected to directly or indirectly, beneficially own or control 2,800,060 common shares of the Corporation, representing approximately, 3.2% of the then issued and outstanding common shares of the Corporation.

Mr. Robinson, by virtue of being a senior officer of the Corporation is a "related party" to the Corporation pursuant Regulation 61-101 *respecting Protection of Minority Security Holders in Special Transactions* ("**Regulation 61-101**"), which is incorporated into Policy 5.9 - *Protection of Minority Security Holders in Special Transactions* of the Exchange. Accordingly, the issuance of Shares to Mr. Robinson in satisfaction of the Debt owed to him by the Corporation is a "related party transaction" under Regulation 61-101. The issuance of Shares to Mr. Robinson in satisfaction of Debt owed to him by the Corporation is excluded from the requirements for formal evaluation under section 5.5 of Regulation 61-101, as no securities of the Corporation are listed or quoted on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., the New York Stock Exchange, the American Stock Exchange, the NASDAQ Stock Market, or a stock exchange outside of Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc. Section 5.6 of Regulation 61-101 requires that related party transactions receive minority approval. The Corporation is relying on exemption form the requirement for minority approval under section 5.7 of Regulation 61-101 on the basis that the Fair Market Value of the proposed Debt Settlement is less than 25% of market capitalization of the Corporation.

Pursuant to Policy 4.3 of the Exchange any debt settlement for management fees greater than $2,500 per month must receive disinterested shareholder approval. As the issuance of the Shares under the Debt Settlement must be approved by disinterested shareholders, at the Meeting, shareholders will be called to vote on the resolution annexed to this Circular as Schedule "E" (the "**Shares for Debt Resolution**") approving the issuance of the Shares and the Debt Settlement.

Pursuant to the Policies of the Exchange, in order to be adopted at the Meeting, the Shares for Debt Resolution must be approved by a simple majority of the votes cast by the holders of common shares, either present in person or represented by proxy at the Meeting, other that the votes attaching to shares beneficially owned by Mr. Robinson and its associates. As of the date of this Circular, Mr. Robinson owns 1,200,960 common shares of the Corporation. In the event the Shares for Debt Resolution is not adopted at the Meeting, the Corporation will not proceed with the Debt Settlement.

The Board believes that the Debt Settlement is in the best interest of the Corporation and recommend that the shareholders approve the Shares for Debt Resolution. **Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote FOR the Shares for Debt Resolution.**

## SHAREHOLDER PROPOSALS

The CBCA provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a "**Proposal**") and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The CBCA further provides, in effect, that the Corporation must set out the Proposal in its management information circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management information circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated July 24, 2019, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is April 24, 2020.

The foregoing is a summary only; shareholders should carefully review the provisions of the CBCA relating to Proposals and consult with a legal advisor.

## OTHER MATTERS

Management knows of no other matter to become before the Meeting. However, if any other matters which are known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

## ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its comparative consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended August 31, 2018, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

(a) the comparative consolidated financial statements of the Corporation for the fiscal year ended August 31, 2018 together with the accompanying report of the auditors thereon and any interim financial statements of the Corporation for periods subsequent to August 31, 2018 and Management's Discussion and Analysis with respect thereto; and

(b) this Circular,

please send your request to:

Magna Terra Minerals Inc.
150 York Street, Suite 410
Toronto, Ontario M5H 3S5
Tel.: 647-478-5307
Fax.: 416-363-4567
Email: llawrick@magnaterraminerals.com

## APPROVAL OF CIRCULAR

The contents and the sending of the Circular have been approved by the directors of the Corporation.

Toronto, July 24, 2019

**By order of the Board of Directors**

*(signed) Lewis Lawrick*
**Lewis Lawrick, President and CEO**

## SCHEDULE A

## AUDIT COMMITTEE CHARTER

## MAGNA TERRA MINERALS INC.
(the "**Corporation**")

The following charter is adopted in compliance with *Regulation 52-110 respecting Audit Committees* ("**Regulation 52-110**").

### 1. MANDATE AND OBJECTIVES

The mandate of the audit committee of the Corporation (the "**Committee**") is to assist the Board of Directors of the Corporation (the "**Board**") in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation's systems of internal controls regarding finance and accounting and the Corporation's auditing, accounting and financial reporting processes.

The objectives of the Committee are to:

(a) serve as an independent and objective party to monitor the Corporation's financial reporting and internal control system and review the Corporation's financial statements;

(b) ensure the independence of the Corporation's external auditors; and

(c) provide better communication among the Corporation's auditors, the management and the Board.

### 2. COMPOSITION

The Committee shall be comprised of at least three (3) directors as determined by the Board. The majority of the members of the Committee shall be independent, within the meaning of *Regulation 52-110*.

At least one (1) member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices.

For the purposes of this Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Corporation's financial statements.

The members of the Committee shall be elected by the Board at its first meeting following each annual shareholders' meeting. Unless a Chairman is elected by the Board, the members of the Committee may designate a Chairman by a majority vote of all the Committee members.

## 3. MEETINGS AND PROCEDURES

3.1 The Committee shall meet at least four (4) times a year or more frequently if required.

3.2 At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In the case of an equality of votes, the Chairman shall not be entitled to a second vote.

3.3 A quorum for meetings of the Committee shall be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing meetings of the Board.

## 4. DUTIES AND RESPONSIBILITIES

The following are the general duties and responsibilities of the Committee:

4.1 Financial Statements and Disclosure Matters

(a) review the Corporation's financial statements, MD&A and any press releases regarding annual and interim earnings, before the Corporation publicly discloses such information, and any reports or other financial information which are submitted to any governmental body or to the public; and

(b) must be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (a) above, and must periodically assess the adequacy of those procedures.

4.2 External Auditors

(a) recommend to the Board the selection and, where applicable, the replacement of the external auditors to be nominated annually as well the compensation of such external auditors;

(b) oversee the work and review annually the performance and independence of the external auditors who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Corporation;

(c) on an annual basis, review and discuss with the external auditors all significant relationships they may have with the Corporation that may impact their objectivity and independence;

(d) consult with the external auditors about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements;

(e) review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Corporation;

(f) review the audit plan for the year-end financial statements and intended template for such statements;

(g) review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, as well as any non-audit services provided by the external auditors to the Corporation or its subsidiary entities. The pre-approval requirement is satisfied with respect to the provision of non-audit services if:

    (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes no more than 5% of the total amount of fees paid by the Corporation and its subsidiary entities to its external auditors during the fiscal year in which the non-audit services are provided;

    (ii) such services were not recognized by the Corporation or its subsidiary entities as non-audited services at the time of the engagement; and

    (iii) such services are promptly brought to the attention of the Committee by the Corporation and approved, prior to the completion of the audit, by the Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members of the Committee the aforementioned authority to pre-approve non-audited services, provided the pre-approval of the non-audit services is presented to the Committee at its first scheduled meeting following such approval.

4.3 Financial Reporting Processes

(a) in consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external;

(b) consider the external auditor's judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting;

(c) consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management;

(d) review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements;

(e) review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented; and

(f) establish procedures for the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters and the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters.

## SCHEDULE B

## INFORMATION ON AUDIT COMMITTEE

### Composition of the Audit Committee

The members of the Audit Committee of the Corporation are Dennis Logan, Richard Bedell and Lewis Lawrick. All such members are financially literate and independent members of the Audit Committee, except for Lewis Lawrick who is a non-independent member of the Audit Committee, as such terms are defined in *Regulation 52-110 respecting Audit Committees* ("**Regulation 52-110**") in that Mr. Lawrick is a senior officer of the Corporation.

### Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is set out below:

**Dennis Logan** is currently the Chairman of the Board and Chair of the Audit Committee of Eurocontrol Technics Group Inc., a company listed on the TSX Venture Exchange (the "**TSX-V**") focused on 3D XRF technologies in the authentication space and precision agricultural technologies. Mr. Logan is also the CFO of Latin American Minerals Inc, a TSX-V listed company focused on gold exploration at the Paso Yobai gold project located in Paraguay. And Mr. Logan is also the CFO of BTU Metals Corp., a TSX-V listed company focused on gold exploration with projects in Galway, Republic of Ireland and in Ontario, Canada. Mr. Logan is a former director and former Chief Financing Officer of Almonty Industries Inc., a TSX-V listed company. Prior becoming active as the CFO of Almonty and acting as a director of public traded companies in 2011, Mr. Logan spent 13 years in the investment banking community where he held senior management positions at several Canadian based investment banks. Mr. Logan is a Chartered Professional Accountant (CPA, CA). Mr. Logan received both his BA and his MBA from the University of Toronto and received his Chartered Accountant (CPA, CA) designation in 1996.

**Richard L. Bedell** is a Director and Executive Vice President of Renaissance Gold Inc., a TSX-V listed company. He is also Chairman of TerraCore Inc. a hyperspectral drill core scanning company and the current President of the Geological Society of Nevada.

Richard was a co-founder and Executive Vice President and Director for AuEx Ventures Inc., a TSX-V listed company sold to Fronteer Gold in 2010.

Mr. Bedell has over 30 years of exploration experience including an adjunct faculty position in Exploration Geophysics at the Mackay School of Earth Sciences & Engineering. Previous work experience includes Homestake Mining Company as part of the Global Target Selection Team and managing the Technical Group for exploration and as an exploration geologist with BP Minerals and Rio Tinto. Mr. Bedell is a recognized expert in remote sensing and geo-spatial technologies and was lead editor for a recent Society of Economic Geologists publication on remote-sensing.

**Lewis Lawrick** is the Managing Director of Thorsen-Fordyce Merchant Capital Inc., a private Toronto-based merchant bank principally focused on the natural resource sector. Mr. Lawrick is a Director of Anaconda Mining Inc., a mining development and exploration company listed on the Toronto Stock Exchange. Mr. Lawrick is currently a director of several other junior mining companies including Serengeti Resources Inc., a TSX-V listed company. Mr. Lawrick holds a Bachelor of Commerce degree (BCOM) from the University of Calgary.

**Audit Committee Oversight**

At no time since the commencement of the Corporation's financial year ended August 31, 2018 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

**Reliance on Certain Exemptions**

At no time since the commencement of the Corporation's fiscal year ended August 31, 2018 has the Corporation relied on the exemption provided under section 2.4 of Regulation 52-110 (De minimis Non-audit Services) or an exemption from Regulation 52-110, in whole or in part, granted under Part 8 of Regulation 52-110 (Exemptions). However, the Corporation is relying on the exemption set out in section 6.1 of Regulation 52-110 with respect to the composition of the Audit Committee and certain reporting obligations given that it is a venture issuer as defined in Regulation 52-110.

**Pre-Approval Policies and Procedures**

The Audit Committee of the Corporation has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee's charter attached hereto as Schedule "A".

**External Auditor Service Fees**

The aggregate fees billed by the Corporation's external auditors in each of the last two (2) fiscal years are as follows:

| Financial Year Ending | Audit Fees(1) $ | Audit-Related Fees $ | Tax Fees $ | All Other Fees $ |
|---|---|---|---|---|
| August 31, 2018 | 21,400 | - | - | - |
| August 31, 2017 | 26,676 | - | - | - |

(1) Fees of Annual Audit.

## SCHEDULE C

## SHAREHOLDERS' RESOLUTION - STOCK OPTION PLAN

**IT RESOLVED**

THAT the Stock Option Plan of the Corporation, as described in the Management Information Circular of the Corporation dated July 24, 2019, be and is hereby approved, ratified and confirmed; and

THAT the directors and officers of the Corporation be and they are hereby authorized, on behalf of the Corporation, to sign any document and take any measure that may prove necessary to give full effect to this resolution.

## SCHEDULE D

## SHAREHOLDERS' SPECIAL RESOLUTION - SHARE CONSOLIDATION

**IT RESOLVED:**

THAT the Articles of the Corporation be amended so that the issued and outstanding common shares of the Corporation are consolidated on the basis of one share for a maximum of every ten common shares then issued and outstanding;

THAT, subject to the maximum set out above, the determination of the basis for the consolidation shall be at the discretion of the Board of Directors of the Corporation;

THAT any fractional common share arising on the consolidation of the common shares of the Corporation be deemed to have been tendered by its registered owner to the Corporation for cancellation and will be returned to the authorized but unissued share capital of the Corporation;

THAT the officers and directors of the Corporation are hereby authorized to file Articles of Amendment with *Innovation, Science and Economic Development Canada — Corporations Canada* if and when deemed advisable by the Board of Directors of the Corporation in its discretion, but in no case later than twelve months from the date hereof, and do all other things necessary in order to give effect to the foregoing; and

THAT notwithstanding that this resolution has been duly passed by the shareholders, the Board of Directors is hereby authorized and empowered, if it decides not to proceed with this resolution, to revoke this resolution in whole or in part at any time prior to it being given effect without further notice to, or approval of, the shareholders.

## SCHEDULE E

## SHAREHOLDERS' RESOLUTION - DEBT SETTLEMENT IN SHARES

**IT RESOLVED:**

THAT subject to acceptance by the TSX Venture Exchange, the issuance by the Corporation to Paul Robinson, Vice President, Exploration of the Corporation of an aggregate 1,200,960 common shares in the capital of the Corporation at a deemed per share price of $0.05 in connection with the Debt Settlement (as such term is defined in Management Information Circular of the Corporation dated July 24, 2019), is hereby approved; and

THAT the directors and officers of the Corporation be and they are hereby authorized, on behalf of the Corporation, to sign any document and take any measure that may prove necessary to give full effect to this resolution.

# SCHEDULE F

# REPORTING PACKAGE FOR CHANGE OF AUDITORS

**NOTICE OF CHANGE OF AUDITOR**

**TO:** **Alberta Securities Commission**
**British Columbia Securities Commission**
**Autorité des marchés financiers (Quebec)**

**AND TO:** **parker simone LLP and MNP LLP**

**TAKE NOTICE THAT:**

1. parker simone LLP, Chartered Professional Accountants has resigned effective August 28, 2018, at the request of Magna Terra Minerals Inc. ( **"Magna Terra"**).
2. the Board of Directors of Magna Terra resolved on August 28, 2018, that MNP LLP("MNP") be appointed as successor auditor to fill the vacancy in the position of auditor of Magna Terra.
3. Magna Terra's board of directors and audit committee have reviewed the documents relating to the change of auditor and have approved the resignation of parker simone LLP and the appointment of MNP LLP as successor auditor;
4. there have been no reservations or modified opinions contained in the audit reports of parker simone LLP for the two most recently completed fiscal years and any subsequent period; and
5. there are no reportable events, including disagreements, consultations or unresolved issues, as such terms are defined in National Instrument 51-102 *Continuous Disclosure Obligations*.

**DATED** as of the 28th day of August, 2018.
**MAGNA TERRA MINERALS INC.**

*"Errol Farr"*

Name: Errol Farr
Title: Chief Financial Officer and Corporate Secretary

August 31, 2018

British Columbia Securities Commission
Alberta Securities Commission
Autorite des Marches Financiers

Dear Sirs/Mesdames

**Re: Notice of change of auditor (the "Notice") – Magna Terra Minerals Inc.**

We have read the Notice dated August 28, 2018 from Magna Terra Minerals Inc., delivered to us in accordance with National Instrument 51-102 *Continuous Disclosure Obligations* and, based on our knowledge of the information at this time, we agree with each statement contained in the Notice, other than statements 3 and 5 on which we have no basis to agree or disagree.

Yours truly,

MNP LLP

**Chartered Professional Accountants**
**Licensed Public Accountants**

parker simone LLP | chartered professional accountants
licensed public accountants | Mississauga, Ontario, Canada
www.parker-simone.com

Alberta Securities Commissions
Autorité des marchés financiers (Quebec)
British Columbia Se01cutities Commission

September 6, 2018

Dear Sirs/Mesdames:

***re: Notice of Change of Auditor of Magna Terra Minerals Inc. (the Corporation)***

Please be advised that, in connection with National Instrument 51-102, a copy of the Notice of Change of Auditor (the Notice) dated August 28, 2018 in respect of the above captioned change of auditor was delivered to us. We reviewed the Notice and, based upon our knowledge at this time, we hereby notify the Commissions that:

1. We agree with the statement that parker simone LLP, Chartered Professional Accountants, (the Former Auditor) was asked to resign effective August 28, 2018.

2. We have no basis to agree or disagree that the Board of Directors of the Corporation resolved on August 28, 2018 that MNP LLP (the Successor Auditor) be appointed to fill the vacancy in the position of auditor of the Corporation.

3. We have no basis to agree or disagree with the statement that the Corporation's Board of Directors and Audit Committee have reviewed the documents relating to the change of auditor and have approved the resignation of the Former Auditor and the appointment of the Successor Auditor.

4. We agree with the statement that the Former Auditor has not issued any adverse, qualified opinion or denial of opinion on the financial statements of the Corporation for the two fiscal years preceding the date of this Notice.

5. We agree with the statement that there have been no disagreements or unresolved issues as defined by National Instrument 51-102.

6. We have no basis to agree or disagree with the statement that there have been no consultations as defined by National Instrument 51-102.

Yours very truly,

parker simone LLP

Licensed Public Accountants