

## ORESTONE MINING CORP.

### 2018 ANNUAL GENERAL MEETING OF SHAREHOLDERS

#### INFORMATION CIRCULAR

#### GENERAL INFORMATION

This Information Circular is furnished to the holders (“shareholders”) of common shares (“Common Shares”) of Orestone Mining Corp. (the “Company”) by management of the Company in connection with the solicitation of proxies to be voted at the annual general meeting (the “Meeting”) of the shareholders to be held at 10:00 a.m. (Pacific Time) on Thursday, September 27, 2018 and at any adjournment thereof, for the purposes set forth in the accompanying Notice of Meeting.

On August 29, 2017, the Company effected a share consolidation (the “Share Consolidation”) on the basis of one post-consolidation Common Share for every 5 pre-consolidation Common Shares. Effective as of the opening of markets on August 29, 2017, the Company commenced trading on the TSX Venture Exchange (the “Exchange”) on a consolidated basis under its existing name, Orestone Mining Corp. Immediately following the completion of the Share Consolidation, there were 7,554,441 issued and outstanding Common Shares of the Company. Information relating to the Common Shares of the Company is after giving effect to the Share Consolidation.

#### PROXIES

##### Solicitation of Proxies

**The enclosed Proxy is solicited by and on behalf of management of the Company. The persons named in the enclosed Proxy form are management-designated proxyholders. A registered shareholder desiring to appoint some other person (who need not be a shareholder) to represent the shareholder at the Meeting may do so either by inserting such other person’s name in the blank space provided in the Proxy form or by completing another form of proxy.** To be used at the Meeting, proxies must be received by Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the meeting, or, if the Meeting is adjourned, no later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of the reconvened meeting, or may be accepted by the chairman of the Meeting prior to the commencement of the Meeting. Solicitation will be primarily by mail, but some proxies may be solicited personally or by telephone by regular employees or directors of the Company at a nominal cost. The cost of solicitation by management of the Company will be borne by the Company.

##### Voting by Non-Registered Shareholders

Only registered holders of Common Shares or the persons they appoint as their proxyholders are permitted to vote at the Meeting. In many cases, however, Common Shares beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- (a) in the name of an Intermediary (an “Intermediary”) that the Non-Registered Holder deals with in respect of the shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited (CDS)) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Company are referred to as “NOBOs”. Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Company are referred to as “OBOs”.

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators (“NI 54-101”), the Company has elected to send the Notice of Meeting and this Information Circular (collectively, the “Meeting Materials”) directly to the NOBOs, and indirectly through intermediaries to the OBOs. The Company is not relying on the notice and access delivery procedures outlined in NI 54-101 to distribute copies of proxy-related materials in connection with the Meeting.

The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to each OBO, unless the OBO has waived the right to receive them. Intermediaries will frequently use service companies to forward the Meeting Materials to the OBOs. Generally, an OBO who has not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO and must be completed, but not signed, by the OBO and deposited with Computershare Trust Company of Canada; or
- (b) more typically, be given a voting instruction form (“VIF”) which is not signed by the Intermediary, and which, when properly completed and signed by the OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow.

The Company will not be paying for Intermediaries to deliver to OBOs (who have not otherwise waived their right to receive proxy-related materials) copies of the Meeting Materials and related documents. Accordingly, an OBO will not receive copies of the Meeting Materials and related documents unless the OBO’s Intermediary assumes the costs of delivery.

**The Meeting Materials are being sent to both registered shareholders of the Company and Non-Registered Holders. If you are a Non-Registered Holder, and the Company or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.**

The Meeting Materials sent to NOBOs who have not waived the right to receive meeting materials are accompanied by a VIF, instead of a Proxy form. By returning the VIF in accordance with the instructions noted on it, a NOBO is able to instruct the voting of the Common Shares owned by the NOBO.

VIFs, whether provided by the Company or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF. The purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Holder who receives a VIF wish to attend the Meeting or have someone else attend on the Non-Registered Holder’s behalf, the Non-Registered Holder may request a legal proxy as set forth in the VIF, which will grant the Non-Registered Holder, or the Non-Registered Holder’s nominee, the right to attend and vote at the Meeting.

**Non-Registered Holders should return their voting instructions as specified in the VIF sent to them. Non-Registered Holders should carefully follow the instructions set out in the VIF, including those regarding when and where the VIF is to be delivered.**

Although Non-Registered Holders may not be recognized directly at the Meeting for the purpose of voting Common Shares registered in the name of their broker, agent or nominee, a Non-Registered Holder may attend the Meeting as a proxyholder for a registered shareholder and vote Common Shares in that capacity. Non-Registered Holders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their Common Shares as a proxyholder.

### **Revocability of Proxies**

A registered shareholder who has given a proxy may revoke it by an instrument in writing that is

- (a) received at the registered office of the Company (19th Floor, 885 West Georgia Street, Vancouver, British Columbia V6C 3H4) at any time up to and including the last business day before the day set for the holding of the Meeting or reconvened meeting, if the Meeting is adjourned, at which the proxy is to be used, or
- (b) provided to the chair of the Meeting, at the Meeting, before any vote in respect of which the proxy is to be used shall have been taken,

or in any other manner provided by law.

NOBOs who wish to revoke their voting instructions should contact Computershare Trust Company of Canada at telephone number 1-800-564-6253. OBOs who wish to revoke a voting instruction form or a waiver of the right to receive proxy-related materials should contact their Intermediaries for instructions.

### **Voting of Proxies**

Common Shares represented by a shareholder's Proxy form will be voted or withheld from voting in accordance with the shareholder's instructions on any ballot that may be called for at the Meeting and, if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of any instructions, the management-designated proxyholder named on the Proxy form will cast the shareholder's votes in favour of the passage of the resolutions set forth herein and in the Notice of Meeting.**

The enclosed Proxy form confers discretionary authority upon the persons named therein with respect to (a) amendments or variations to matters identified in the Notice of Meeting and (b) other matters which may properly come before the Meeting or any adjournment thereof. At the time of printing of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting other than the matters referred to in the Notice of Meeting.

## **VOTING SHARES AND PRINCIPAL HOLDERS THEREOF**

Only Common Shares carry voting rights at the Meeting with each Common Share carrying the right to one vote. The Board of Directors has fixed August 24, 2018 as the record date ("Record Date") for the determination of shareholders entitled to receive notice of and to vote at the Meeting and, if adjourned, any reconvened meeting, and only shareholders of record at the close of business on that date are entitled to receive such notice and to vote at the Meeting. As of the Record Date, 12,546,108 Common Shares were issued and outstanding as fully paid and non-assessable.

To the knowledge of the directors and executive officers of the Company, as at the Record Date, no person beneficially owned, directly or indirectly, or exercised control or direction over, shares carrying 10% or more of the voting rights attached to the Company's issued and outstanding Common Shares.

## VOTES NECESSARY TO PASS RESOLUTIONS AT THE MEETING

Under the Company's Articles, the quorum for the transaction of business at the Meeting consists of (a) two shareholders; or (b) one or more proxyholders representing at least two shareholders; or (c) at least one shareholder and one proxyholder representing another shareholder. A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the resolutions referred to in the accompanying Notice of Meeting.

## APPOINTMENT OF AUDITOR

The persons named in the enclosed Proxy form intend to vote for the appointment of DeVisser Gray LLP, Chartered Accountants, of Vancouver, British Columbia, as the auditor of the Company. DeVisser Gray LLP has been the Company's auditor since July 2013.

At the meeting, the shareholders will be asked to authorize the directors of the Company to fix the remuneration to be paid to the auditor of the Company.

## ELECTION OF DIRECTORS

The Company currently has five directors. At the Meeting, shareholders will be asked to fix the number of directors at five and to elect five directors. The persons named below are the five nominees of management for election as directors, all of whom are current directors of the Company. Each director elected will hold office until the next annual general meeting or until the director's successor is elected or appointed unless the director's office is earlier vacated under any of the relevant provisions of the Articles of the Company or the Business Corporations Act (British Columbia). It is the intention of the persons named as proxyholders in the enclosed Proxy form to vote for the election to the Board of Directors of those persons hereinafter designated as nominees for election as directors. The Board of Directors does not contemplate that any of such nominees will be unable to serve as a director; however, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, **proxies in favour of management designees will be voted for another nominee in their discretion unless the shareholder has specified in such shareholder's Proxy that such shareholder's shares are to be withheld from voting in the election of directors.**

The following table sets out the name of each of the persons proposed to be nominated for election as a director; all positions and offices in the Company presently held by the nominee; the nominee's present principal occupation, business or employment (and, in the case of Julia Aspillaga, Patrick Daniels and John Kanderka, who are being nominated for election as directors of the Company at a shareholders' meeting of the Company for the first time, also their respective principal occupation, business and employment for the last five years); the period during which the nominee has served as a director; and the number of Common Shares that the nominee has advised are beneficially owned, or controlled or directed, directly or indirectly, as at the Record Date.

<b>Name, place of residence and positions with the Company</b>	<b>Present principal occupation, business or employment</b>	<b>Period served as a director</b>	<b>Common Shares beneficially owned or controlled</b>
JULIA ASPILLAGA <sup>(2)</sup> Santiago, Chile Director	Managing Director of Andeak Global Management (Sept. 2017 to present); Exploration Manager for IMT Exploration Fund (Apr. 2012 – Dec. 2016)	Since April 29, 2018	Nil

<b>Name, place of residence and positions with the Company</b>	<b>Present principal occupation, business or employment</b>	<b>Period served as a director</b>	<b>Common Shares beneficially owned or controlled</b>
PATRICK DANIELS <sup>(1)</sup> Colorado, U.S.A. Director	Managing Director of Danyers & Company (Sept. 2013 to present)	Since April 29, 2018	Nil
DAVID N. HOTTMAN British Columbia, Canada President, Chief Executive Officer, Chairman and Director	President and Chief Executive Officer of the Company.	Since June 20, 2011	1,188,300
JOHN KANDERKA <sup>(1)</sup> Alberta, Canada Director	Self-employed Landman consultant; President of Viper Consulting Inc. (a consulting company) from 2006 to present.	Since November 15, 2017	100,000
GARY D. NORDIN <sup>(1)(2)</sup> British Columbia, Canada Director	President of Discovery Resource Corp. (a consulting company) from 1990 to present.	Since June 20, 2011	1,095,000 <sup>(3)</sup>

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance & Compensation Committee.

(3) 1,070,000 of these Common Shares are held by a company controlled by Mr. Nordin.

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

None of the proposed directors is, as at the date of this Information Circular, or has been, within the ten years preceding the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:

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

No proposed director is, as at the date of this Information Circular, or has been, within the ten years preceding the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

No proposed director has, within the ten years preceding the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No proposed director has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

## **CORPORATE GOVERNANCE DISCLOSURE**

The following description of the corporate governance practices of the Company is provided further to National Instrument 58-101 on “Disclosure of Corporate Governance Practices” (“NI 58-101”) and the disclosure prescribed for “Venture Issuers” such as the Company.

### **Board of Directors**

The Board recognizes that it is responsible for the stewardship of the Company, overseeing the conduct of the Company’s business and supervising management of the Company who remain responsible for the conduct of the business.

The Board of Directors currently consists of five directors, four of whom are considered to be independent. Julia Aspillaga, Patrick Daniels, John Kanderka and Gary D. Nordin are considered independent. David N. Hottman serves as the President and Chief Executive Officer of the Company and is, therefore, not considered independent under applicable securities rules. The Board of Directors is, therefore, comprised of a majority of independent directors.

The Board exercises its independent supervision by holding regular board meetings and soliciting input from management and the Company’s auditor as required. The independent directors are encouraged to meet at any time they consider necessary without any members of management including the non-independent directors being present. The Company’s auditors, legal counsel and employees may be invited to attend.

The Board considers that management is effectively supervised by the independent directors on an informal basis as the independent directors are actively and regularly involved in reviewing and supervising the operations of the Company and have regular and full access to management. Independent supervision of management is further accomplished through choosing management who demonstrate a high level of integrity and ability and having strong independent Board members. In addition, the Board may appoint from time to time an independent, lead director to direct Board operations.

### **Directorships**

Certain of the current and proposed directors of the Company are presently directors of other reporting issuers in Canada or elsewhere as set out below:

<b>Director</b>	<b>Other Reporting Issuers</b>
John Kanderka	Galileo Exploration Ltd.

### **Orientation and Continuing Education**

Given the size of the Company and the in-depth public company and professional experience of the members of the Board, there is no formal orientation or continuing education program in place. New Board members receive an orientation package which includes reports on operations and results, and public disclosure filings by the Company. From time to time, Board meetings are combined with presentations by the Company’s management to give the directors additional insight into the Company’s business. In addition, management of the Company makes itself available for discussion with all Board members.

## **Ethical Business Conduct**

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

## **Nomination of Directors**

The Board is responsible for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. The Board determines new nominees to the Board through recommendations of the Corporate Governance & Compensation Committee (the "Corporate Governance Committee"). The nominees may also be the result of recruitment efforts by other Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer. The Corporate Governance Committee monitors the performance of individual Board members, committee members and their contributions.

## **Compensation**

The independent directors are responsible for determining compensation for the directors and executive officers, including the CEO, based on recommendations received from the Corporate Governance Committee. The independent directors of the Company carry out the function of reviewing executive compensation levels, evaluating executive officers' and directors' performance in light of corporate goals and objectives, and determining or making recommendations to the Board with respect to the level of compensation arrangements for the executive, officers and directors. Presently, the compensation to executive officers is composed primarily of three elements: namely base salary, performance bonus and the allocation of incentive stock options.

## **Other Board Committees**

The Board has no other committees other than the Audit Committee and the Corporate Governance Committee. The Corporate Governance Committee is tasked with the responsibility of, among other things, selecting (or recommending that the Board select) the director nominees for the next annual meeting of shareholders.

The Corporate Governance Committee is also tasked with the following responsibilities:

- (i) developing qualification criteria for Board members for recommendation to the Board in accordance with the Company's corporate governance guidelines;
- (ii) in conjunction with the Chairman, assigning Board members to the various committees of the Board;
- (iii) reviewing annually or more often if appropriate: (a) committee members' qualifications and requirements; (b) committee structure (including authority to delegate); and (c) committee performance (including reporting to the Board). The committee is to make recommendations to the Board, as appropriate, based on its review;
- (iv) recommending to the Board compensation policies and guidelines for the Company and for implementing and overseeing compensation policies approved by the Board;
- (v) developing and recommending to the Board corporate governance principles applicable to the Company;

- (vi) monitoring the Company's overall approach to corporate governance issues and administering a corporate governance system which is effective in the discharge of the Company's obligations to its shareholders;
- (vii) in conjunction with the Chairman, overseeing the evaluation of the Board and of the Company and making recommendations to the Board as appropriate;
- (viii) reviewing and reassessing at least annually the adequacy of the Company's corporate governance guidelines and the Corporate Governance Committee's terms of reference and recommending any proposed changes to the Board for approval. The Corporate Governance Committee must also annually review its own performance;
- (ix) monitoring and making recommendations to the Board in respect of total compensation paid by the Company to its executive officers; and
- (x) reviewing the adequacy and form of compensation of directors and ensure that the compensation realistically reflects the responsibilities and risks involved in being a director.

### **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted.

### **AUDIT COMMITTEE DISCLOSURE**

Pursuant to the Business Corporations Act (British Columbia) and the Canadian Securities Administrators' National Instrument 52-110 ("NI 52-110"), the Company is required to have an audit committee.

#### **Audit Committee Charter**

Pursuant to NI 52-110, the Company's audit committee is required to have a charter. A copy of the Company's Audit Committee Charter is set out in Appendix A to this Information Circular.

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

As at the date of this Information Circular, the following is information on the members of the Company's Audit Committee:

<b>Name</b>	<b>Independent</b>	<b>Financial Literacy</b>
Patrick Daniels	Yes	Yes
John Kanderka (Chair)	Yes	Yes
Gary D. Nordin	Yes	Yes

## Relevant Education and Experience

The following describes the relevant education and experience of the members of the Audit Committee:

**Patrick Daniels** – Mr. Daniels is a senior mining engineer with 30 years of multinational experience working with resource and mining companies to find, responsibly develop, build, and operate profitable mines. Mr. Daniels has worked in multiple commodities spanning 13 countries and over 50 projects including Amax Gold's Sleeper Gold Mine, Freeport's Jerritt Canyon Gold Mine and the start-up of Bema Gold's Champagne Mine. At Caterpillar's Global Mining Consulting Group, Mr. Daniels helped lead mine operational assessments and production studies throughout the Americas and Africa. As Engineering Manager for Gustavson Associates, he authored and managed a variety of project technical studies and as an independent engineer, he evaluated major gold and copper capital projects in Canada, the USA, Chile, and Peru for financial institutions and investors. Most recently, Mr. Daniels founded Danyers & Company, a mineral development consultancy working in project sourcing, acquisition, due diligence and project management. Mr. Daniels holds a BS in Mining Engineering from the Colorado School of Mines, has a Black Belt designation in Lean Six Sigma, and is a qualified person under NI 43-101 regulations.

**John Kanderka** – Mr. Kanderka has held many surface, mineral, gas marketing and administrative positions with POCO Petroleum Ltd., Wellore Energy Inc. and Voyager Energy Inc. Mr. Kanderka was a Co-Founder and the Landman for Trimox Energy Inc. and Terraquest Energy Corporation both successful oil and gas production companies, bought out by Canext Energy Ltd. and Masters Energy Inc. respectively. Mr. Kanderka was Vice President Land at Richland Petroleum Corporation when it merged with Provident Energy Trust. Mr. Kanderka became Vice President of Land at Baytex Energy as the result of a merger with Dorset Exploration Ltd., a corporation with over one million undeveloped acres of land. In the course of that experience, he has reviewed financial statements, attained familiarity with various accounting principles and considered the requirements for an understanding of the needs for internal controls and procedures.

**Gary Nordin** – Mr. Nordin was a co-founding Director and Vice President of Bema Gold Corporation where he served as a leading exploration geologist. As a founding Director, Executive Vice President and Chief Consulting Geologist of Eldorado Corporation Ltd. from 1991 to 2000, Mr. Nordin participated in the discovery and development of several important gold deposits. Mr. Nordin is a founder and was the Chief Geologist of Polaris Materials Corporation. Mr. Nordin has served on the Board of Directors of several publicly listed exploration and mining companies, and served as a Director of Nevada Pacific Gold Ltd. before its takeover by US Gold Corporation. He was also a Director of Canasil Resources, Rae Wallace Mining Company, Polaris Materials Corporation and Fortunate Sun Mining Company Limited. Mr. Nordin holds a Bachelor of Science (Geology) degree from the University of Alberta where he graduated with honours in 1970.

## Audit Committee Oversight

At no time since February 1, 2017 was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Company's Board of Directors.

## Reliance on Certain Exemptions

At no time since February 1, 2017 has the Company relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), subsection 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*), subsection 6.1.1(6) of NI 52-110 (*Death, Incapacity or Resignation*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*) of NI 52-110 by a securities regulatory authority or regulator.

## Pre-approval Policies and Procedures for Non-Audit Services

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services apart from those set out in the Audit Committee Charter.

## External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's auditor in the last two financial years of the Company for services in each of the categories indicated are as follows:

Financial Year Ended	Audit Fees	Audit Related Fees <sup>(1)</sup>	Tax Fees <sup>(2)</sup>	All Other Fees <sup>(3)</sup>
January 31, 2018	\$9,500	Nil	\$800	Nil
January 31, 2017	\$15,000	Nil	\$1,000	Nil

- (1) Pertains to assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not reported under "Audit Fees".
- (2) Pertains to professional services for tax compliance, tax advice, and tax planning. The nature of the services comprising the fees disclosed under this category includes the preparation of tax returns.
- (3) Pertains to products and services other than services reported under the other categories.

## Venture Issuers Exemption

The Company is relying upon the exemption in section 6.1 of NI 52-110 which exempts "venture issuers" from the requirements of Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## DIRECTOR AND NAMED EXECUTIVE OFFICER COMPENSATION

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

#### *Named Executive Officers*

Set out below are particulars of compensation paid to the following persons (the "Named Executive Officers" or "NEOs"):

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer ("CEO");
- (b) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer ("CFO");
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer (other than the CEO and CFO) at the end of the most recently completed financial year whose total compensation was more than \$150,000, as determined in accordance with applicable securities rules, for that financial year; and
- (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and not acting in a similar capacity, at the end of that financial year.

During the financial year ended January 31, 2018, the Company had three Named Executive Officers, David N. Hottman, the Company's President and Chief Executive Officer; Mark T. Brown, the Company's Chief Financial Officer; and Andrew Muir, the Company's former Chief Financial Officer. No other individuals in the Company received total compensation in excess of \$150,000 during the most recently completed financial year.

## Table of Compensation Excluding Compensation Securities

The following table sets out compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or a subsidiary of the Company, to each NEO and director, in any capacity, for each of the Company's financial years ended January 31, 2018 and 2017.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
DAVID HOTTMAN <sup>(1)</sup> President, CEO, Chairman and Director	2018	67,200	Nil	Nil	(2)	Nil	67,200
	2017	67,200	Nil	Nil	(2)	Nil	67,200
MARK T. BROWN <sup>(3)</sup> CFO	2018	15,000	Nil	Nil	(2)	Nil	15,000
ANDREW MUIR <sup>(4)</sup> Former Director and Former CFO	2018	Nil	Nil	Nil	(2)	Nil	Nil
	2017	Nil	Nil	Nil	(2)	Nil	Nil
GARY D. NORDIN Director	2018	Nil	Nil	Nil	(2)	Nil	Nil
	2017	Nil	Nil	Nil	(2)	Nil	Nil
JOHN KANDERKA <sup>(5)</sup> Director	2018	Nil	Nil	Nil	(2)	Nil	Nil
DOUGLAS WILLOCK <sup>(6)</sup> Former Director	2018	Nil	Nil	Nil	(2)	Nil	Nil
	2017	Nil	Nil	Nil	(2)	Nil	Nil

(1) Mr. Hottman was not paid any compensation for his role as director of the Company.

(2) Perquisites that are not generally available to all employees did not exceed \$15,000.

(3) Mr. Brown became a CFO of the Company on July 21, 2017 and, therefore, served as CFO for six months in the financial year ended January 31, 2018. Amounts under "Salary" for Mr. Brown pertain to compensation paid by the Company to Pacific Opportunity Capital Ltd., a company controlled by Mr. Brown.

(4) Mr. Muir became CFO of the Company on March 23, 2016 and, therefore, served as CFO for ten months in the financial year ended January 31, 2017. Mr. Muir ceased to be the CFO of the Company on July 21, 2017, and, therefore, served as CFO for six months in the financial year ended January 31, 2018. Mr. Muir ceased to be a director of the Company on April 28, 2018.

(5) Mr. Kanderka became a director of the Company on November 15, 2017.

(6) Mr. Willock ceased to be a director of the Company on April 28, 2018.

## External Management Companies

Mr. Brown is indirectly compensated through a consulting agreement between the Company and Pacific Opportunity Capital Ltd., a firm controlled by Mr. Brown. See "Employment, Consulting and Management Agreements" for a description of the agreement.

Except as disclosed herein, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Company to provide executive management services to the Company, directly or indirectly.

## Stock Options and Other Compensation Securities

The following table discloses all compensation securities granted or issued to each NEO and director by the Company or one of its subsidiaries in the financial year ended January 31, 2018 for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries and the total amount of compensation securities held as at the Company's financial year end of January 31, 2018.

**Compensation Securities**

Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)</sup>	Date of issue or grant (m/d/y)	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date (m/d/y)	Total amount of compensation securities held as at January 31, 2018 <sup>(2)</sup>
DAVID HOTTMAN President, CEO, Chairman and Director	Options	100,000	November 23, 2017 <sup>(3)</sup>	\$0.15	\$0.10	\$0.11	November 22, 2022	135,000
MARK T. BROWN CFO	Options	35,000	November 23, 2017 <sup>(4)</sup>	\$0.15	\$0.10	\$0.11	November 22, 2022	35,000
ANDREW MUIR Former Director and Former CFO	Options	85,000	November 23, 2017 <sup>(5)</sup>	\$0.15	\$0.10	\$0.11	November 22, 2022	115,000
GARY D. NORDIN Director	Options	120,000	November 23, 2017 <sup>(3)</sup>	\$0.15	\$0.10	\$0.11	November 22, 2022	160,000
JOHN KANDERKA Director	Options	100,000	November 23, 2017 <sup>(4)</sup>	\$0.15	\$0.10	\$0.11	November 22, 2022	100,000
DOUGLAS WILLOCK Former Director	Options	95,000	November 23, 2017 <sup>(6)</sup>	\$0.15	\$0.10	\$0.11	November 22, 2022	105,000

- (1) The numbers under this column represent the number of options and the same number of Common Shares underlying the related options.
- (2) All securities outstanding as of August 29, 2017 were automatically adjusted to reflect the Share Consolidation.
- (3) Mr. Hottman's options and Mr. Nordin's options were cancelled on April 28, 2018.
- (4) The options vest 25% on November 23, 2017, February 23, 2018, May 23, 2018 and August 23, 2018.
- (5) Mr. Muir ceased to be the CFO of the Company on July 21, 2017 and ceased to be a director of the Company on April 28, 2018. Options expired on accelerated expiry date of May 27, 2018 pursuant to the Company's Stock Option Plan after cessation of services to the Company.
- (6) Mr. Willock ceased to be a director of the Company on April 28, 2018. Options expired on accelerated expiry date of May 27, 2018 pursuant to the Company's Stock Option Plan after cessation of services to the Company.

No compensation security has been re-priced, cancelled and replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year.

Except for the vesting schedules noted in the above table, there are no restrictions or conditions for converting, exercising or exchanging the compensation securities.

During the financial year ended January 31, 2018, no NEO or director exercised compensation securities.

## Stock Option Plans and Other Incentive Plans

The Company's stock option plan (the "Stock Option Plan"), which is a "rolling 10%" stock option plan, was approved by the Board of Directors on October 26, 2011 and first approved by the shareholders on December 5, 2011. The Stock Option Plan is used to provide share purchase options which are granted in consideration of the level of responsibility of the executive officer as well as his or her impact or contribution to the longer-term operating performance of the Company.

The Stock Option Plan is presently administered by the Board of Directors. The Board of Directors reviews and approves grants of options on an annual basis and periodically during the financial year.

In determining the number of options to be granted to the executive officers, the directors take into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the Exchange, and closely align the interests of the executive officers with the interests of shareholders.

The Stock Option Plan must be re-approved on an annual basis by the shareholders at each annual general meeting of the Company as required by the policies of the Exchange. See "Particulars of Other Matters to be Acted Upon - Approval of Stock Option Plan".

The Company's Stock Option Plan includes the following provisions:

- The Stock Option Plan is administered by a "Committee" which means the Board of Directors of the Company or such committee of the Board of Directors that the Board of Directors has designated to administer the Stock Option Plan;
- Options may be granted to employees, directors, executive officers, and consultants or a subsidiary of the Company (or such other persons permitted by the Exchange to be granted options) who are in the opinion of the Committee in a position to contribute to the success of the Company or any subsidiary of the Company or who, by virtue of their service to the Company or any predecessors thereof or to any subsidiary of the Company, are in the opinion of the Committee, worthy of special recognition.
- The number of Common Shares reserved and authorized for issuance pursuant to options granted under the Stock Option Plan is 10% of the issued and outstanding Common Shares from time to time;
- The aggregate number of optioned Common Shares granted to any one optionee in a 12 month period must not exceed 5% of the issued and outstanding Common Shares, unless the Company has obtained disinterested shareholder approval if and as may be required by the Exchange;
- The number of optioned Common Shares granted to any one consultant in a 12 month period must not exceed 2% of the issued and outstanding Common Shares;
- The aggregate number of optioned Common Shares granted to optionees who are employed to provide investor relations activities must not exceed 2% of the issued and outstanding Common Shares of the Company in any 12 month period;
- The number of optioned Common Shares granted within a 12-month period to insiders of the Company must not exceed 10% of the issued and outstanding Common Shares;
- The exercise price for options granted under the Stock Option Plan will not be less than the market price of the Common Shares less applicable discounts permitted by the Exchange. The Company has followed the practice of granting all stock options at or above the market price of the Common Shares;

- Options may be exercisable for a term up to five years, subject to earlier termination in the event of death or the optionee's cessation of services to the Company;
- Options granted under the Stock Option Plan are non-assignable, except by will or the laws of descent and distribution;
- Options granted to any optionee who is a director, executive officer, employee, consultant or person engaged in investor relation services shall expire the earlier of: (a) that date which is 30 days after the optionee ceases to be in at least one of such categories unless an earlier date is provided for in the optionee's option agreement; and (b) the expiry of the option period. The Committee may extend the period specified in the aforementioned subparagraph (a) in respect of any option for a specified period up to the expiry of the option period;
- For so long as the Common Shares are listed on the Exchange, any Common Shares issued pursuant to the exercise of options that (a) were granted to an optionee who was a director, officer, promoter or significant shareholder of the Company; or (b) had an exercise price per share that was less than the market price, would be subject to a four-month hold period commencing on the date of grant of the option;
- The Committee may, in its discretion but subject to any necessary regulatory approvals, provide for the extension of the exercisability of a stock option, accelerate the vesting or exercisability of any option, eliminate or make less restrictive any restrictions contained in an option, waive any restriction or other provision of the Stock Option Plan or an option or otherwise amend or modify an option in any manner that is either (a) not adverse to the optionee or (b) consented to by such optionee;
- The vesting schedule for each option shall be determined by the Committee at the time the option is granted and shall be specified in the option agreement in respect of the option; and
- If there is a takeover bid or tender offer made for all or any of the issued and outstanding Common Shares, then the Committee may, by resolution, permit all outstanding options to become immediately exercisable in order to permit the Common Shares issuable under such options to be tendered to such bid or offer.

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

Compensation for David Hottman (as Chief Executive Officer) was determined in June 2011. Mr. Hottman is directly compensated through an arrangement providing for annual fixed salary (subject to change as the Board of Directors may determine from time to time) for his services as CEO. Mr. Hottman is also entitled to receive option based compensation periodically at the discretion of the Board.

Compensation for Mark T. Brown as Chief Financial Officer was determined in August 2017 and remains unchanged. Mr. Brown is indirectly compensated through a consulting agreement between the Company and Pacific Opportunity Capital Ltd., a firm controlled by Mr. Brown, pursuant to which the Company pays consulting fees for the services of Mr. Brown as CFO and for financial and administrative services, which include the review and analysis of the preparation of financial statements and the management discussion and analysis, review and analysis of contractual documents, supervision of the accounting staff, preparation of financial information for auditors and tax-related filings. All of the consulting fees paid to Pacific Opportunity Capital Ltd. can be attributed to Mr. Brown's services as CFO. Mr. Brown is the President and a director of Pacific Opportunity Capital Ltd. Mr. Brown also receives option based compensation periodically.

Except as disclosed herein, the Company and its subsidiaries have no management or employment contracts with any other Named Executive Officer or director.

Neither the Company, nor its subsidiaries, have a contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer or director following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company or its subsidiaries, or a change in responsibilities of the NEO following a change in control.

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

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

The Company does not have a formal compensation program with set benchmarks. Individual compensation is not directly tied to performance goals which are based on any specific objective and identifiable measure, such as the Company's share price or earnings per share. However, the Company does have a compensation program which seeks to reward a NEO's current and future expected performance. Individual performance is reviewed for all NEOs based largely on a qualitative evaluation of the Company's achievement of corporate milestones and objectives. The principal objectives underlying the Company's executive compensation program are as follows: (a) to attract and retain qualified executive officers, which includes having compensation that is competitive within the marketplace; (b) to align executives' interests with those of the shareholders; and (c) to reward demonstration of both leadership and performance. The Company's executive compensation program has three principal components: base salary, performance bonus and stock options.

All compensation arrangements between the Company and any director or executive officer of the Company must be approved by the independent directors of the Company. The independent directors are responsible for reviewing and considering corporate goals and objectives relevant to compensation for all executive officers, evaluating their performance in light of those corporate goals and objectives, and determining (or making recommendations to the Board with respect to) the level of compensation arrangements for the executive officers based on this evaluation.

The Board of Directors has considered the implications of the risks associated with the Company's compensation policies and practices. The Board acknowledges that the Company, as a junior natural resource company, does not presently generate any revenues, and that all management compensation to date has been derived solely from cash in the Company's treasury, acquired by way of equity financings to date, and the grant of incentive stock options to management personnel and employees. Salary compensation to the Named Executive Officers is provided for pursuant to unwritten arrangements between Named Executive Officers and the Company. In order to provide necessary oversight and to mitigate against the risks posed by these management compensation arrangements, the Board has adhered to the policy of requiring all independent Board members to evaluate and approve of all executive compensation arrangements and awards prior to their commitment. The Board has also adopted a policy which requires the independent directors to review the terms of these executive compensation arrangements on an annual basis. At present, the Board has determined that the current executive compensation levels are not excessive, and are in line with other companies of similar stature.

With respect to the longer-term component of executive compensation, options granted to executive officers under the Company's Stock Option Plan serve to align the interests of those persons with the shareholders, and therefore mitigates any excessive risks that may be taken by the executive officers. As options are generally priced above market value at the time of grant and are subject to mandatory vesting schedules, the benefits of such compensation, if any, may not be realized by the executive until a significant period of time has passed. Accordingly, the ability of executives to take inappropriate or excessive risks that are beneficial to them from the standpoint of their compensation at the expense of the Company and its shareholders is extremely limited.

The Company does not anticipate making any significant changes to its compensation policies and practices in the current financial year.

### ***Elements of Compensation for NEOs***

Base salary provides the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company.

Performance bonuses, in the form of cash payments, are designed to add a variable component of compensation based on the corporate and individual performances of Named Executive Officers. In determining to award performance bonuses, including the amounts thereof, the Board of Directors uses its discretion and takes into consideration the Company's annual achievements, without assigning any quantifiable weight or factor in respect of any particular achievement or corporate milestone. During the Company's financial year ended January 31, 2018, no performance bonuses were awarded to any Named Executive Officer.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each Named Executive Officer's efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to directors, officers, consultants and employees at the commencement of employment and periodically thereafter. The terms and conditions of the Company's stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company's Stock Option Plan.

### ***Elements of Compensation for Directors***

Other than as disclosed herein, the Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company or its subsidiaries for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year.

### **Pension Disclosure**

The Company does not provide a pension to any director or NEO.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information on the Company's equity compensation plans under which Common Shares are authorized for issuance as at January 31, 2018.

### EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders <sup>(1)(2)</sup>	915,000	\$0.20	239,610 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	Nil	Nil	Nil
<b>Total</b>	<b>915,000</b>	<b>—</b>	<b>239,610</b>

(1) The total number of Common Shares that may be reserved and authorized for issuance pursuant to options granted under the Company's stock option plan in effect as at January 31, 2018 was 10% of the issued and outstanding Common Shares (being 1,154,610 Common Shares as at January 31, 2018).

(2) All securities outstanding as of August 29, 2017 were automatically adjusted to reflect the Share Consolidation.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date hereof, no director or executive officer of the Company, no proposed nominee for election as a director of the Company, no associate of any such director, executive officer or proposed nominee (including companies controlled by them), no employee of the Company or any of its subsidiaries, and no former executive officer, director or employee of the Company or any of its subsidiaries, is indebted to the Company or any of its subsidiaries (other than for "routine indebtedness" as defined under applicable securities legislation) or is indebted to another entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise disclosed in this Information Circular or as disclosed in a previous information circular of the Company, no informed person (i.e. insider) of the Company, no proposed director of the Company, and no associate or affiliate of any informed person or proposed director has had any material interest, direct or indirect, in any transaction since February 1, 2017 or in any proposed transaction which has materially affected or would materially affect the Company.

On October 25, 2017, the Company completed a non-brokered private placement (the "October Private Placement") of 3,991,667 units at a price of \$0.06 per unit to raise proceeds of \$239,500.02. Each unit consists of one Common Share and one common share purchase warrant, with each warrant exercisable at price of \$0.10 for a period of 24 months from the date of issuance. Certain insiders of the Company purchased or acquired direction and control over 2,000,000 units under the October Private Placement as further set out in the table below:

<b>Insider</b>	<b>Number of Units Purchased</b>	<b>Aggregate Purchase Price</b>	<b>Percentage of Common Shares owned or controlled following completion of the Private Placement</b>
Discovery Resource Corp. <sup>(1)</sup>	900,000	\$54,000	8.62% <sup>(3)</sup>
David N. Hottman	900,000	\$54,000	8.93%
Andrew Muir	100,000	\$6,000	0.87%
Pacific Opportunity Capital Ltd. <sup>(2)</sup>	100,000	\$6,000	0.87%

(1) Discovery Resource Corp. is a company wholly-owned by Gary D. Nordin.

(2) Pacific Opportunity Capital Ltd. is a company controlled by Mark T. Brown.

(3) Percentage calculation includes 25,000 Common Shares directly owned by Mr. Nordin.

On June 15, 2018, the Company completed a non-brokered private placement (the “June Private Placement”) of 1,000,000 units at a price of \$0.10 per unit to raise proceeds of \$100,000. Each unit consists of one Common Share and one-half of one common share purchase warrant, with each warrant exercisable at price of \$0.15 for a period of 12 months from the date of issuance. Certain insiders of the Company purchased or acquired direction and control over 250,000 units under the June Private Placement as further set out in the table below:

<b>Insider</b>	<b>Number of Units Purchased</b>	<b>Aggregate Purchase Price</b>	<b>Percentage of Common Shares owned or controlled following completion of the Private Placement</b>
David N. Hottman	100,000	\$10,000	9.47%
Discovery Resource Corp. <sup>(1)</sup>	100,000	\$10,000	8.73% <sup>(3)</sup>
Pacific Opportunity Capital Ltd. <sup>(2)</sup>	50,000	\$5,000	1.20%

(1) Discovery Resource Corp. is a company wholly-owned by Gary D. Nordin.

(2) Pacific Opportunity Capital Ltd. is a company controlled by Mark T. Brown.

(3) Percentage calculation includes 25,000 Common Shares directly owned by Mr. Nordin.

## **MANAGEMENT CONTRACTS**

The management company of Mark T. Brown provides managerial and consulting services to the Company pursuant to a consulting agreement, as described under “Employment, Consulting and Management Agreements” under “Director and Named Executive Office Compensation”. Except as otherwise disclosed herein, no management functions of the Company are to any substantial degree performed by a person other than the directors or executive officers of the Company.

## PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

### Approval of Stock Option Plan

Pursuant to the Exchange's Policy 4.4 entitled "Incentive Stock Options", the Company's Stock Option Plan has to be approved by the shareholders of the Company yearly in that it is a "rolling 10%" plan (i.e. up to 10% of the outstanding Common Shares from time to time may be reserved for issuance for options granted under the Stock Option Plan). The Stock Option Plan was first approved by the shareholders of the Company at the Annual General Meeting of the Company on December 5, 2011. A copy of the Stock Option Plan may be obtained by sending a written request to the President of the Company at the Company's head office located at Suite 407 – 325 Howe Street, Vancouver, British Columbia V6C 1Z7. See "Director and Named Executive Officer Compensation – Stock Option Plans and Other Incentive Plans" for a summary of the terms of the Stock Option Plan.

The text of the proposed resolution to approve and confirm the Stock Option Plan (the "Stock Option Plan Resolution") is as follows:

"BE IT RESOLVED THAT the Company's Stock Option Plan, previously approved by the shareholders of the Company, is hereby approved and confirmed and that the Board of Directors of the Company be authorized to make any changes thereto as may be required by the TSX Venture Exchange."

A simple majority of the votes cast at the Meeting (in person or by proxy) is required in order to pass the Stock Option Plan Resolution.

### OTHER MATTERS

Management of the Company is not aware of any other matters to come before the Meeting other than as set forth in the Notice of the Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy form to vote the shares represented thereby in accordance with their best judgment on such matter.

### ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

Financial information relating to the Company is provided in the Company's comparative financial statements and management's discussion and analysis for its financial year ended January 31, 2018 which are available on SEDAR and may also be obtained by sending a written request to the President of the Company at the Company's head office located at Suite 407, 325 Howe Street, Vancouver, British Columbia V6C 1Z7.

DATED as of the 27<sup>th</sup> day of August, 2018.

BY ORDER OF THE BOARD

*"David N. Hottman"*

DAVID N. HOTTMAN  
President and CEO

## APPENDIX A

### ORESTONE MINING CORP. (the “Company”)

#### Audit Committee Charter

##### **Mandate**

The primary function of the audit committee (the “Committee”) is to assist the Board of Directors (“Board”) in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company’s systems of internal controls regarding finance and accounting and the Company’s auditing, accounting and financial reporting processes. The Committee’s primary duties and responsibilities are to:

- serve as an independent and objective party to monitor the Company’s financial reporting and internal control system and review the Company’s financial statements;
- review and appraise the performance of the Company’s external auditor; and
- provide an open avenue of communication among the Company’s auditor, financial and senior management and the Board.

##### **Composition**

The Committee shall be comprised of at least three directors as determined by the Board, all of whom shall be “independent” directors except as permitted by applicable securities regulatory guidelines (including applicable exemptions while the Company is a “venture issuer” within the meaning of applicable securities legislation). A quorum of the Committee shall be a majority of the members. Each member of the Committee will be a member of the Board. In the event of an equality of votes, the Chair of the Committee shall not have a second casting vote.

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

##### **Meetings**

The Committee shall meet at least once annually, or more frequently as circumstances dictate or as may be prescribed by securities regulatory requirements. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditor in separate sessions.

##### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

## 1. Documents/Reports

- a) review and update, if applicable or necessary, this Audit Committee Charter annually;
- b) review with management and the independent auditor the Company's annual and interim financial statements, management's discussion and analysis, any annual and interim earnings press releases and any reports or other financial information to be submitted to any governmental and/or regulatory body, or the public, including any certification, report, opinion, or review rendered by the external auditor for the purpose of recommending their approval to the Board prior to their filing, issue or publication. The Chair of the Committee may represent the entire Committee for purposes of this review in circumstances where time does not allow the full Committee to be available;
- c) review analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgements made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements;
- d) review the effect of regulatory and accounting initiatives, as well as off balance sheet structures, on the financial statements of the Company;
- e) review policies and procedures with respect to directors' and officers' expense accounts and management perquisites and benefits, including their use of corporate assets and expenditures related to executive travel and entertainment, and review the results of the procedures performed in these areas by the external auditor, based on the terms of reference agreed upon by the external auditor and the Committee;
- f) review expenses of the Board Chair and Chief Executive Officer, Chief Financial Officer and Chief Operating Officer annually; and
- g) ensure that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.

## 2. External Auditor

- a) review annually, the performance of the external auditor who shall be ultimately accountable to the Board and the Committee as representatives of the shareholders of the Company;
- b) obtain annually, a formal written statement of external auditor setting forth all relationships between the external auditor and the Company;
- c) review and discuss with the external auditor any disclosed relationships or services that may have an impact on the objectivity and independence of the external auditor;

- d) take, or recommend that the Board take, appropriate action to oversee the independence of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- e) recommend to the Board the selection and, where applicable, the replacement of the external auditor nominated annually for shareholder approval;
- f) recommend to the Board the compensation to be paid to the external auditor;
- g) at each meeting, where desired, consult with the external auditor, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements;
- h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- i) review with management and the external auditor the audit plan for the year end financial statements; and
- j) review and pre approve all audit and audit related services and the fees and other compensation related thereto, and any non audit services, provided by the Company's external auditor. The authority to pre approve non audit services may be delegated by the Committee to one or more independent members of the Committee, provided that such pre approval must be presented to the Committee's first scheduled meeting following such pre approval. Pre approval of non audit services is satisfied if:
  - (i) the aggregate amount of all the non audit services that were not pre approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by the Company and subsidiaries to the Company's external auditor during the fiscal year in which the services are provided;
  - (ii) the Company or a subsidiary did not recognize the services as non audit services at the time of the engagement; and
  - (iii) the services are promptly brought to the attention of the Committee and approved, prior to 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.

### 3. Financial Reporting Processes

- a) in consultation with the external auditor, review with management the integrity of the Company's financial reporting process, both internal and external;
- b) consider the external auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting;

- c) consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditor and management;
- d) review significant judgments made by management in the preparation of the financial statements and the view of the external auditor as to appropriateness of such judgments;
- e) following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information;
- f) review any significant disagreement among management and the external auditor in connection with the preparation of the financial statements;
- g) review with the external auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented;
- h) review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters;
- i) review certification process;
- j) establish a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and
- k) establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

4. Other

- a) review any material related party transactions;
- b) engage independent counsel and other advisors as it determines necessary to carry out its duties; and
- c) to set and pay compensation for any independent counsel and other advisors employee by the Committee.