



**MONTERO MINING AND EXPLORATION LTD.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**WITH RESPECT TO**

**THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS  
TO BE HELD ON JUNE 28, 2018**

**MONTERO MINING AND EXPLORATION LTD.**

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

Notice is hereby given that an annual and special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of Montero Mining and Exploration Ltd. (the “**Corporation**”) will be held at the offices of Peterson McVicar LLP at Suite 806, 390 Bay Street, Toronto, ON, M5H 2Y2 on June 28, 2018, at 10:00 a.m. (Eastern Time), for the following purposes, all as more particularly described in the enclosed management information circular (the “**Circular**”):

1. to elect the directors of the Corporation for the ensuing year;
2. to appoint Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as the auditor of the Corporation for the ensuing year and to authorize the directors to fix its remuneration;
3. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the Corporation’s 10% rolling incentive stock option plan for the ensuing year;
4. to transact such other such other business as may properly come before the Meeting or any adjournments or postponements thereof.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is May 10, 2018 (the “**Record Date**”). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof.

**A Shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournments or postponements thereof in person are requested to complete, date, sign and return the accompanying form of proxy for use at the Meeting or any adjournments or postponements thereof.** To be effective, the enclosed form of proxy must be deposited with Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, (by mail or hand delivery); voted by telephone at 1-866-732-VOTE (8683); or voted online at [www.investorvote.com](http://www.investorvote.com). In order to be valid and acted upon at the Meeting, the duly-completed form of proxy must be received prior to 10.00 a.m. (Eastern Time) on June 26, 2018, or be deposited with the Secretary of the Corporation before the commencement of the Meeting or of any adjournment thereof. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to accept proxies received after such deadline.

If you are a beneficial or non-registered holder of Common Shares and have received these materials through your broker, custodian, nominee or other intermediary, please complete and return the form of proxy or voting instruction form provided to you by your broker, custodian, nominee or other intermediary in accordance with the instructions provided therein. A beneficial or non-registered Shareholder will not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his/her/its broker; however, a beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the common shares in that capacity.

**PLEASE REVIEW THE CIRCULAR BEFORE VOTING.**

DATED this 25<sup>th</sup> day of May, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*“Antony Harwood”*

Antony Harwood  
President and Chief Executive Officer

**MONTERO MINING AND EXPLORATION LTD.**  
**MANAGEMENT INFORMATION CIRCULAR**

**Solicitation of Proxies**

This Circular is furnished in connection with the solicitation of proxies by the management the Corporation for use at the annual and special meeting (the “**Meeting**”) of Shareholders to be held at the offices of Peterson McVicar LLP at Suite 806, 390 Bay Street, Toronto, ON, M5H 2Y2 on June 28, 2018 at 10:00 a.m. (Eastern Time) for the purposes set forth in the accompanying Notice of Annual and Special meeting of Shareholders. References in this Circular to the Meeting include any adjournment(s) or postponement(s) thereof.

It is expected that the solicitation of proxies will be primarily by mail, however, proxies may also be solicited by the officers, directors and employees of the Corporation by telephone, electronic mail or personally. These persons will receive no compensation for such solicitation other than their regular fees or salaries. The cost of soliciting proxies in connection with the Meeting will be borne directly by the Corporation.

The board of directors of the Corporation (the “**Board**”) has fixed the close of business on May 10, 2018 as the record date (the “**Record Date**”), being the date for the determination of the registered Shareholders entitled to receive notice of, and to vote at, the Meeting. All duly completed and executed proxies must be received by the Corporation’s registrar and transfer agent, Computershare Investor Services Inc., at their offices at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, Attention Proxy Department (by hand or mail delivery); Tel: 1-866-732-VOTE (8683); or registered online at [www.investorvote.com](http://www.investorvote.com), prior to 10:00 a.m. (Eastern Time) on June 26, 2018, or in the case of any adjournment or postponement of the Meeting, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) prior to the time set for the adjourned or postponed Meeting.

In this Circular, unless otherwise indicated, all dollar amounts “\$” are expressed in Canadian dollars.

Unless otherwise stated, the information contained in this Circular is as of May 10, 2018.

**Voting of Proxies**

The common shares in the capital stock of the Corporation (“**Common Shares**”) represented by the accompanying form of proxy (if same is properly executed and is received at the offices of Computershare Investor Services Inc. at the address provided herein not later than 10:00 a.m. (Eastern Time) on June 26, 2018, or in the case of any adjournment or postponement of the Meeting, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) prior to the time set for the adjourned or postponed Meeting) will be voted at the Meeting, and, where a choice is specified in respect of any matter to be acted upon, will be voted or withheld from voting in accordance with the specification made on any ballot that may be called for.

**In the absence of such specification, proxies in favour of management will be voted in favour of all resolutions described below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Annual and Special Meeting of Shareholders and with respect to other matters which may properly come before the Meeting.** At the time of printing of this Circular, management knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the form of proxy will be voted on such matters in accordance with the best judgment of the named proxies.

**Appointment of Proxies**

The persons named in the enclosed form of proxy are officers and/or directors of the Corporation. **A Shareholder desiring to appoint some other person, who need not be a Shareholder, to represent him or her at the Meeting, may do so by inserting such person’s name in the blank space provided in the enclosed form of proxy or by completing another proper form of proxy and, in either case, depositing the completed and executed proxy at the offices of Computershare Investor Services Inc., at the address provided herein, not later than 10:00 a.m. (Eastern Time) on June 26, 2018, or in the case of any adjournment or postponement of the Meeting, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in Toronto, Ontario) prior to the time set for the adjourned or postponed Meeting.**

A Shareholder forwarding the enclosed form of proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business, then the space opposite the item is to be left blank. The Common Shares represented by the form of proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the form of proxy.

To be valid, a form of proxy must be executed by a Shareholder or a Shareholder's attorney duly authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or, by a duly authorized officer or attorney.

### **Revocation of Proxies**

A Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a person who has given a proxy personally attends the Meeting at which that proxy is to be voted, that Person 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 Shareholder or his attorney or authorized agent and deposited with Computershare Investor Services Inc., 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (by hand or mail delivery) at any time up to and including the last business day preceding the day of the Meeting, or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting, and upon either of those deposits, the proxy will be revoked.

**Only registered shareholders may revoke a proxy in this manner. Non-Registered Shareholders (as defined below) who wish to change their vote must arrange for their Intermediary (as defined below) to revoke the proxy on their behalf.**

### **Voting by Non-Registered Shareholders**

Only registered Shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. Most Shareholders are "non-registered" Shareholders ("**Non-Registered Shareholders**") because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. Common Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary ("**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Common Shares; or (ii) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Corporation will have distributed copies of the Notice of the Annual and Special Meeting of Shareholders, this Circular and the form of proxy (collectively, the "**Meeting Materials**") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either:

- (i) be given a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "**voting instruction form**") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in Canada. Broadridge typically prepares a machine-readable voting instruction form, mails those forms to Non-Registered Shareholders and asks Non-Registered Shareholders to return the forms to Broadridge or otherwise communicate voting instructions to Broadridge (by way of the Internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar-code and other information. In order for this form of proxy to validly constitute a voting instruction form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. **A Non-Registered Shareholder who receives a voting instruction form cannot use that form to vote his or her Common Shares at the Meeting;** or

- (ii) 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 Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. In this case, the Non-Registered Shareholder who wishes to submit a proxy should properly complete the form of proxy and deposit it with Computershare Investor Services Inc., 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 (by hand or mail delivery).

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting, or any adjournment(s) or postponement(s) thereof, (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the voting instruction form and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive the Meeting Materials and to vote which has been given to an Intermediary at any time by written notice to the Intermediary provided that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive Meeting Materials and to vote, which is not received by the Intermediary at least seven (7) days prior to the Meeting.

Non-Registered Shareholders fall into two categories: those who object to their identity being made known to the issuers of securities which they own ("**Objecting Beneficial Owners**" or "**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**" or "**NOBOs**"). Subject to the provisions of NI 54-101, issuers may request and obtain a list of their NOBOs from intermediaries. Pursuant to NI 54-101, issuers may obtain and use the NOBO list in connection with any matter relating to the affairs of the issuer, including the distribution of proxy-related materials directly to NOBOs. The Corporation is not sending Meeting Materials directly to the NOBOs. The Corporation will use and pay intermediaries and agents to send the Meeting Materials and also intends to pay for intermediaries to deliver the Meeting Materials to the OBOs.

All references to Shareholders in this Circular, instrument of Proxy and Notice of Meeting are to registered Shareholders unless specifically stated otherwise.

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

Other than as disclosed herein, no director or executive officer of the Corporation who has held such position at any time since the beginning of the Corporation's last financial year, or each proposed nominee for election as a director of the Corporation, or associates or affiliates of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting.

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

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value and as at the date hereof, there are 21,880,818 Common Shares issued and outstanding.

Each Common Share entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. All such holders of record of Common Shares on the Record Date are entitled either to attend and vote thereat in person the Common Shares held by them or, provided a completed and executed proxy shall have been delivered to the Corporation's transfer agent, Computershare Investor Services Inc., within the time specified in the attached Notice of Annual and Special Meeting of Shareholders, to attend and to vote thereat by proxy the Common Shares held by them.

To the knowledge of the directors and executive officers of the Company the following are holders of shares carrying more than 10% of the voting rights on **May 10, 2018**:

<b>Shareholder Name</b>	<b>Number of Shares Held<sup>(1)</sup></b>	<b>Percentage of Issued Shares</b>
Antony Harwood	3,323,620	15.18%

(1) The above information is from the System for Electronic Disclosure by Insiders (SEDI).

## EXECUTIVE COMPENSATION

### Named Executive Officers

For the purposes of this Circular, a Named Executive Officer (“NEO”) of the Corporation means each of the following individuals:

- (a) a chief executive officer (“CEO”) of the Corporation;
- (b) a chief financial officer (“CFO”) of the Corporation;
- (c) in respect of the Corporation and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year whose total compensation was more than \$150,000; and
- (d) each individual who would be an NEO under paragraph (c) above 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.

During the Corporation’s most recently complete financial year, being the financial year ended December 31, 2017 (the “**Last Financial Year**”). The only NEOs of the Corporation during the Last Financial Year were Antony Harwood, the President and Chief Executive Officer of the Corporation, Sheri Rempel, the Interim Chief Financial Officer and Antonia J. Chapman, the Former Chief Financial Officer and Corporate Secretary of the Corporation.

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

The Board has established a compensation committee (the “**Compensation Committee**”). The role of the Compensation Committee is, among other things, to: (i) review and make recommendations to the Board at least annually regarding the Corporation’s remuneration and compensation policies, including short and long-term incentive compensation plans and equity-based plans, bonus plans, securities-based compensation plans including the Corporation’s incentive stock option plan (the “**Option Plan**”) and grants thereunder, and benefit plans; (ii) exercise sole authority to retain and terminate any compensation consultant to assist in the evaluation of director compensation, including sole authority to approve fees and other terms of the retention; (iii) review and approve at least annually all compensation arrangements with the senior executives of the Corporation; (iv) review and approve at least annually all compensation arrangements with the directors of the Corporation; and (v) review the executive compensation sections disclosed in the Corporation’s management proxy circular distributed to the Shareholders in respect of the Corporations annual meetings of Shareholders.

### Compensation Process

The Board relies on the knowledge and experience of the directors and the members of the Compensation Committee to set appropriate levels of compensation for executive officers. During the financial year ended December 31, 2017, none of the Corporation, the Board, or the Compensation Committee had any contractual arrangement with any executive compensation consultant who has a role in determining or recommending the amount or form of executive officer compensation.

The Compensation Committee reviews the various elements of the NEOs’ compensation in the context of the total compensation package (including salary, consulting fees and prior awards under the Corporation’s stock option plan) and recommends to the Board the NEOs’ compensation packages. The Compensation Committee’s recommendations regarding NEO compensation are presented to the independent members of the Board for their consideration and approval.

### Principles/Objectives of the Compensation Program

The primary goal of the Corporation’s executive compensation program is to attract, motivate and retain top quality individuals at the executive level. The program is designed to ensure that the compensation provided to the Corporation’s executive officers is determined with regard to the Corporation’s business strategy and objectives and financial resources, and with the view of aligning the financial interests of the executive officers with the financial interests of the shareholders of the Corporation.

## Compensation Program Design and Analysis of Compensation Decisions

Standard compensation arrangements for the Corporation's executive officers are composed of the following elements, which are linked to the Corporation's compensation and corporate objectives as follows:

Compensation Element	Link to Compensation Objectives	Link to Corporate Objectives
Base Salary and/or Consulting Fees	Attract and Retain	Competitive pay ensures access to skilled employees necessary to achieve corporate objectives.
Stock Options	Motivate and Reward Align interests with shareholders	Long-term incentives motivate and reward executive officers to increase shareholder value by the achievement of long-term corporate strategies and objectives.

### Performance and Compensation

The Corporation is an exploration stage mining company and does not expect to generate revenues from operations in the foreseeable future. As a result, the use of traditional performance standards such as corporate profitability is not considered by the Board or Compensation Committee to be appropriate in the evaluation of corporate or NEO performance. The compensation of executive officers is based, in part, on trends in the mineral exploration industry as well as achievement of the Corporation's business plans. The Board did not establish any quantifiable criteria during the Last Financial Year with respect to base compensation payable or the amount of equity compensation granted to NEOs and did not benchmark against a peer group of companies.

#### *Base Salaries and Consulting Fees*

The Corporation provides executive officers with base salaries or consulting fees which represent their minimum compensation for services rendered, or expected to be rendered. NEOs' base compensation depends on the scope of their experience, responsibilities, leadership skills, performance, length of service, generally industry trends and practices competitiveness, and the Corporation's existing financial resources. Base salaries or consulting fees are reviewed annually by the Compensation Committee.

#### *Stock Options*

The grant of options pursuant to the Option Plan is an integral component of the compensation arrangements of the executive officers of the Corporation. The Board believes that the grant of options to executive officers and common share ownership by such officers serves to motivate such officers to strive towards achievement of the Corporation's long-term strategic objectives, which will benefit all shareholders of the Corporation. Decisions with respect to options granted are based upon the individual's level of responsibility and their contribution towards the Corporation's goals and objectives, and additionally may be awarded in recognition of the achievement of a particular goal or extraordinary service. The Board considers the overall number of options that are outstanding relative to the number of outstanding Common Shares in determining whether to make any new grants of options and the size of such grants.

#### *Compensation Risk Considerations*

The Compensation Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Corporation believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Corporation does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity. However, to the knowledge of the Corporation, as of the date of hereof, no director or NEO of the Corporation has participated in the purchase of such financial instruments.

Base salaries/consulting fees are fixed in amount thus do not encourage risk taking. While annual incentive awards focus on the achievement of short term or annual goals and short term goals may encourage the taking of short-term risks at the expense of long term results, the Corporation's annual incentive award program represents a small percentage of employee's/consultant's compensation opportunities. Annual incentive awards are based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities which would trigger the award of a bonus payment

to the NEO. The determination as to whether a target has been met is ultimately made by the Board (after receiving recommendations of the Compensation Committee) and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards is capped at the Corporation level and the distribution of funds to the executive officers is at the discretion of the Compensation Committee.

Awards of stock options under the Option Plan help further align executive officers' interests with those of the Shareholders. The ultimate value of the awards is tied to the Corporation's stock price and since awards are staggered and subject to long-term vesting schedules, they help ensure that NEOs have significant value tied in long-term stock price performance.

### Summary Compensation Table for NEOs

The following tables provides information for the Last Financial Year ended December 31, 2017 and the years ended December 31, 2016 and December 31, 2015 regarding compensation earned by each NEO:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Antony Harwood <i>President &amp; CEO</i>	2017	Nil	Nil	Nil	Nil	Nil	Nil	91,342 <sup>(2)(3)</sup>	91,342
	2016	Nil	Nil	Nil	Nil	Nil	Nil	50,000 <sup>(2)(3)</sup>	50,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	50,000 <sup>(2)(3)</sup>	50,000
Sheri Rempel <i>Interim CFO</i>	2017	Nil	Nil	Nil	Nil	Nil	Nil	16,335 <sup>(4)</sup>	16,335
	2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Antonia J. Chapman <i>Former CFO</i>	2017	Nil	Nil	Nil	Nil	Nil	Nil	32,667 <sup>(5)</sup>	32,667
	2016	Nil	Nil	Nil	Nil	Nil	Nil	25,000 <sup>(3)(5)</sup>	25,000
	2015	Nil	Nil	Nil	Nil	Nil	Nil	25,000 <sup>(3)(5)</sup>	25,000

**Notes:**

- (1) The Corporation has calculated the "grant date fair value" amounts in the 'Option-based Awards' column using the Black-Scholes Option Pricing Model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the options, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from simple "in-the-money" value calculation. Stock options that are well out-of-the-money can still have a significant "grant date fair value" based on a Black-Scholes valuation. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation. The total compensation shown in the last column is total compensation of each NEO reported in the other columns. The value of the in-the-money options currently held by each director (based on share price less option exercise price) is set forth in the 'Value of Unexercised in-the-money Options' column of the "Outstanding Share-Based and Option-Based Awards" table below.
- (2) This amount includes consulting fees in the amount of \$85,000 paid to Global Mining (as herein defined) to provide the services of Dr. Harwood as President & CEO of the Corporation.
- (3) This amount includes \$6,342 paid to Mr. Harwood is in contribution towards an extended benefits plan.
- (4) Consulting fees in the amount of \$16,335 paid to CTB Consulting Inc., (as defined herein), a company controlled by the Interim CFO, Sheri Rempel. Of the \$16,335 paid to CTB Consulting Inc., Ms. Rempel received directly \$6,325 for her duties as Interim CFO.
- (5) Consulting fees paid to Criss Cross (as herein defined) to provide the services of Ms. Chapman as CFO of the Corporation. On October 20, 2017, Antonia J. Chapman resigned as CFO and corporate secretary of the Corporation.

### Employment and Consulting Agreements

Effective July 1, 2017, the Corporation is party to a consulting arrangement with Global Mining Services Ltd. ("**Global Mining**") to provide the services of Dr. Antony Harwood as President and Chief Executive Officer of the Corporation at a rate of \$10,000 per month. Dr. Harwood has beneficial interests in Global Mining. During the financial year ended December 31, 2017, fees payable to Global Mining in respect of Dr. Harwood's services were paid 50% and accrued at 50%.

On July 1, 2017, the Corporation entered into a consulting arrangement with Criss Cross Inc. ("**Criss Cross**") to provide the services of, Antonia J. Chapman as Former CFO of the Corporation at a rate of \$5,500 per month. On October 20, 2017, Antonia J. Chapman resigned as CFO and corporate secretary of the Corporation. During the Last Financial Year, Ms. Chapman was a

director and 100% beneficial owner of Criss Cross. During the Last Financial Year, fees payable to Criss Cross in respect of Ms. Chapman’s services were paid 50% and accrued at 50%.

The Corporation is party to a consulting agreement with CTB Consulting Inc. (“CTB”) to provide the services of Sheri Rempel as Interim CFO of the Corporation on a per diem basis. During the Last Financial Year, fees payable to CTB in respect of Ms. Rempel’s services were paid and not accrued.

## Incentive Plan Awards

### *Outstanding Option Awards to NEOs*

The following table provides information of the incentive plan awards for each NEO outstanding as at December 31, 2017.

Name	Number of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Antony Harwood President and CEO	50,000	1.00	Apr.30, 2018	Nil
Antonia J. Chapman Former CFO	56,250	1.00	Apr.30, 2018	Nil

Note:

- (1) Aggregate dollar amount of in-the-money unexercised options held as at December 31, 2017. This figure is computed based on the difference between the market value of the Common Shares on the TSX Venture Exchange (“TSX-V”) as at December 31, 2017 and the exercise price of the option. The closing price of the Common Shares on the TSX-V on December 31, 2017 was \$0.28.

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

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Antony Harwood President & CEO	Nil	Nil	Nil
Sheri Rempel Interim CFO	Nil	Nil	Nil
Antonia J. Chapman Former CFO	Nil	Nil	Nil

Note:

- (1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of the Common Shares and the exercise price of the options on the vesting date).

## Pension Plan Benefits

As at the date of this Circular, the Corporation does not have any pension plans.

## Termination and Change of Control Benefits

As at the date of this Circular, there are no agreements, compensation plans, contracts or arrangements whereby a NEO is entitled to receive payments from the Corporation in the event of the resignation, retirement or other termination of the NEO’s employment with the Corporation, change of control of the Corporation or a change in the NEO’s responsibilities following a change in control, with the exception of change of control benefits received by Dr. Antony Harwood as described below.

The Corporation will have the option to terminate the agreement with Global Mining in the event of a change in control of the Corporation by way of a successful take-over, merger, amalgamation or reorganization pursuant to which ownership of more than 51% of the Corporation's shares are acquired, if within six months thereafter the agreement is terminated by the Company, in lieu of notice equal to two years' annual fees as at the date of termination.

### Director Compensation

The Board determines the level of compensation for directors based on recommendations from the Compensation Committee. The Board reviews directors' compensation as needed, taking into account time commitment, risks and responsibilities to ensure that the amount of compensation adequately reflects the responsibilities and risks of being a director and makes adjustments as deemed necessary.

As of the date hereof, the Board has not adopted a cash compensation program for its directors with respect to general director's duties or for additional service on Board committees, however non-employee directors receive an \$8,000 per year stipend for attending Board meetings. Directors are reimbursed for all reasonable out-of-pocket expenses incurred in attending Board, committee or Shareholder meetings and otherwise incurred in carrying out their duties as directors of the Corporation. Directors are eligible to receive option grants pursuant to the Option Plan, the number and exercise price of which is at the discretion of the Board.

During the Last Financial Year, each non-employee director waived payment of the \$8,000 annual stipend.

### Director Compensation Table

The following table provides information regarding compensation paid to the Corporation's directors who were not NEOs, during the financial year ended December 31, 2017.

Name <sup>(1)</sup>	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Andrew Thomson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Gregory C. Hall	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) Antony Harwood and Antonia J. Chapman were directors and NEOs during the Last Financial Year. Any compensation received by them in their capacities as directors of the Corporation is reflected in the Summary Compensation Table for the NEOs above.

### Outstanding Option Awards to Directors

The following table provides information regarding the incentive plan awards for each director who was not a NEO outstanding as of December 31, 2017:

Name <sup>(1)</sup>	Number of Common Shares underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>
Andrew Thomson	31,250	1.00	Apr.30, 2018	Nil
Gregory C. Hall	9,375	1.00	Apr.30, 2018	Nil

Notes:

- (1) Antony Harwood and Antonia J. Chapman were directors and NEOs during the Last Financial Year. Outstanding Option awards to them in their capacities as directors of the Corporation are reflected in the Outstanding Option Awards to NEOs table above.
- (2) Aggregate dollar amount of in-the-money unexercised options held as at December 31, 2017. This figure is computed based on the difference between the market value of the Common Shares on the TSX-V as at December 31, 2017 and the exercise price of the option. The closing price of the Common Shares on the TSX-V on December 31, 2017 was \$0.28.

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

Name	Option awards – Value vested during the year (\$) <sup>(1)</sup>	Share awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Andrew Thomson	Nil	Nil	Nil
Gregory C. Hall	Nil	Nil	Nil

Note:

- (1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of the Common Shares and the exercise price of the options on the vesting date).

### Equity Compensation Plan Information

#### *Stock Option Plan*

The Option Plan is the Corporation’s only securities-based compensation plan. It was adopted on November 29, 2013, and was last approved by the Shareholders on June 30, 2017.

The Option Plan is a rolling stock option plan, under which 10% of the outstanding Common Shares at any given time are available for issuance thereunder. The purpose of the Option Plan is to advance the interests of the Corporation by (i) providing certain employees, officers, directors or consultants of the Corporation (collectively, the “**Optionees**”) with additional performance incentives; (ii) encouraging Common Share ownership by the Optionees; (iii) increasing the proprietary interest of the Optionees in the success of the Corporation; (iv) encouraging the Optionees to remain with the Corporation; and (v) attracting new employees, officers, directors and consultants to the Corporation.

The following information is intended to be a brief description and summary of the material features of the Option Plan.

- (a) The aggregate maximum number of Common Shares available for issuance from treasury under the Option Plan and all of the Corporation’s other security based compensation arrangements at any given time is 10% of the outstanding Common Shares as at the date of grant of an option under the Option Plan, subject to adjustment or increase of such number pursuant to the terms of the Option Plan. Any Common Shares subject to an option which has been granted under the Option Plan and which has been cancelled, repurchased, expired or terminated in accordance with the terms of the Option Plan without having been exercised will again be available under the Option Plan.
- (b) The exercise price of an option shall be determined by the Board at the time each option is granted, provided that such price shall not be less than (i) if the Common Shares are listed on the TSX Venture Exchange (“**TSX-V**”), the last closing price of the Common Shares on the TSX-V; or (ii) if the Common Shares are not listed on the TSX-V, in accordance with the rules of the stock exchange on which the Common Shares are listed at the time of the grant; or (iii) if the Common Shares are not listed on any stock exchange, the minimum exercise price as determined by the Board.
- (c) The aggregate number of Common Shares reserved for issuance pursuant to options granted to insiders of the Corporation at any given time, or within a 12 month period, shall not exceed 10% of the total number of Common Shares then outstanding, unless disinterested shareholder approval is obtained. The aggregate number of Common Shares reserved for issuance pursuant to options granted to any one person or entity within any 12 month period shall not exceed 5% of the total number of the Common Shares then outstanding unless disinterested shareholder approval is obtained.
- (d) The Board may determine when any option will become exercisable for 5 years from the date of the Option is granted to the Optioned and the Options shall vest on the date of the grant, except that options issued to persons employed in Investor Relations Activities must vest in stages over not less than 12 months with no more than one-quarter (1/4) of the options vesting in any three month period.
- (e) In the event an Optionee ceases to be eligible for the grant of options under the Option Plan, options previously granted to such person will cease to be exercisable within a period of 90 days after the date such person ceases to be eligible

under the Option Plan, or such longer or shorter period as determined by the Board, provided that no option shall remain outstanding for any period which exceeds the earlier of: (i) the expiry date of such option; and (ii) 12 months following the date such person ceases to be eligible under the Option Plan.

- (f) In the event of a change of control (as defined in the Option Plan), the Optionee shall be entitled to exercise the Options to the full amount of the Common Shares remaining at that time within 90 days of the close of such transaction.

**Securities Authorized For Issuance Under Equity Compensation Plans**

The following table sets forth information in respect of the Corporation’s equity compensation plans under which equity securities of the Corporation are authorized for issuance, aggregated in accordance with all equity plans previously approved by the Shareholders and all equity plans not approved by Shareholders as at December 31, 2017:

<b>Plan Category</b>	<b>Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (#)</b>	<b>Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (\$)</b>	<b>Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (#)</b>
<b>Equity compensation plans approved by securityholders<sup>(1)</sup></b>	175,625	1.00	1,661,411 <sup>(2)</sup>
<b>Equity compensation plans not approved by securityholders</b>	N/A	N/A	N/A
<b>Total</b>	<b>175,625</b>	<b>1.00</b>	<b>1,661,411<sup>(2)</sup></b>

Note:

- (1) The Corporation’s only equity compensation plan is the Option Plan, a “rolling” stock option plan. The number of Common Shares that may be reserved for issuance pursuant to the Option Plan is limited to 10% of the issued and outstanding Common Shares on the date of any grant of options thereunder.
- (2) Based on a total of 18,370,369 Common Shares issued and outstanding as at December 31, 2017.

**INDEBTEDNESS OF DIRECTORS AND OFFICERS**

None of the current or proposed directors or officers of the Corporation, nor any affiliate or associate of the current or proposed directors or officers of the Corporation, is or was indebted to the Corporation (or to another entity which is the subject of a guarantee support agreement, letter of credit, or other similar arrangement or undertaking provided by the Corporation) entered into in connection with a purchase of securities or otherwise per item 10.1 of National Instrument 51-102F5 – *Information Circular*, at any time since its incorporation.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director, executive officer, proposed director, any person or company beneficially owning, controlling or directing, directly or indirectly, voting securities of the Corporation carrying more than ten percent (10%) of the voting rights attached to all outstanding voting securities of the Corporation, any directors or executive officers of any such company, or any associate or affiliate of the foregoing persons, have had a material interest, direct or indirect, in any transaction in which the Corporation has participated since the commencement of the most recently completed financial year end, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries, except as disclosed in this Circular.

**PARTICULARS OF MATTERS TO BE ACTED UPON**

**1. Election of Directors**

The Corporation’s Articles of Incorporation provide that the Board consist of a minimum of three (3) and a maximum of six (6) directors. At the Meeting, four (4) of the five current directors of the Corporation, being Antony Harwood, Gregory C. Hall, Andrew Thomson and Jamie Levy will be proposed for re-election as directors of the Corporation. Antonia J. Chapman will not seek re-election from Shareholders as a director of the Corporation. Each director elected will hold office until the close of the next annual meeting of Shareholders of the Corporation, or until his successor is duly elected unless prior thereto he resigns

or his office becomes vacant by reason of death or other cause. In order to be effective, this resolution requires the approval of not less than 50% of the votes cast by Shareholders represented at the Meeting in person or by proxy.

Shareholders have the option to (i) vote for all of the directors of the Corporation listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. **Unless the Shareholder has specifically instructed in the enclosed form of proxy that the Common Shares represented by such proxy are to be withheld or voted otherwise, the persons named in the accompanying proxy will vote FOR the election of each of the proposed nominees set forth below as directors of the Corporation.**

Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve.

The following table states the name of each person nominated by management for election as a director, such person's principal occupation or employment, period of service as a director of the Corporation, and the approximate number of voting securities of the Corporation that such person beneficially owns, or over which such person exercises direction or control:

Name, and Province and Country of Residence	Present Principal Occupation <sup>(1)</sup>	Director Since	Common Shares Owned or Controlled <sup>(1)</sup>
Antony Harwood <sup>(2)(4)</sup> <i>Kensington, South Africa</i>	President & CEO of the Corporation	Oct. 5, 2006	3,323,620
Gregory C. Hall <sup>(2)(3)(4)</sup> <i>Western Australia, Australia</i>	Consultant, Golden Phoenix International Pty Ltd.	Jan. 15, 2010	183,101
Andrew Thomson <sup>(2)(3)(4)</sup> <i>Ontario, Canada</i>	President and CEO of Palamina Corp.	Mar. 7, 2008	729,801
Jamie Levy <i>Ontario, Canada</i>	President and CEO of Pinepoint Mining Limited from 2013 until February 2018. President and CEO of Generation Mining Limited from February 2018 to current.	May 15, 2018	218,500

**Notes:**

- (1) Information about principal occupation, business or employment and number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by respective persons set forth above.
- (2) Member of the Compensation Committee.
- (3) Member of the Nominating and Corporate Governance Committee.
- (4) Member of the Audit Committee.

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

Except as disclosed below, no proposed director of the Corporation is, as at the date of this Circular is, or within the 10 years prior to the date of this Circular has been, a director, chief executive officer or chief financial officer, of any company (including the Corporation) that:

- (a) while that person was acting in that capacity was subject to:
  - (i) a cease trade order (including any management cease trade order which applied to directors or executive officers of a company, whether or not the person is named in the order), or
  - (ii) an order similar to a cease trade order, or
  - (iii) 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 (an “**Order**”); or

- (b) was subject to an Order that was issued after the director or executive officer 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.

Except as disclosed below, no proposed director of the Corporation (or any personal holding company of any such individual) is, or within the 10 years prior to the date of this Circular has:

- (a) been a director or executive officer of any corporation 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 manager or trustee appointed to hold its assets; or
- (b) 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 such individual.

Except as disclosed below, no proposed director of the Corporation (or any personal holding company of any such individual) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Gregory C. Hall, a director of the Corporation, was a director of Colossus Minerals Inc. (“**Colossus**”) from March 2008 to December 30, 2013. On January 14, 2014, Colossus announced a notice of intention to make a proposal under the Bankruptcy and Insolvency Act (Canada) to enable Colossus to pursue a sale and restructuring with the benefit of creditor protection. Colossus’ common shares and all other listed securities on February 21, 2014. Colossus successfully implemented a court approved proposal and plan of reorganisation under BIA on April 30, 2014. Mr. Hall, is also a non-executive director of Zeus Resources Limited (“**Zeus**”), and a director of Kalium Corporation Pty Ltd., a wholly owned subsidiary of Zeus and a publicly traded company on the Australian Stock Exchange, was placed into creditor liquidation on November 8, 2013.

## **2. Appointment of Auditors**

Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants (“**DMCL**”), is the independent registered certified auditor of the Corporation. At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution to re-appoint DMCL to serve as auditor of the Corporation until the next annual meeting of Shareholders and to authorize the directors of the Corporation to fix its remuneration as such. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

**Unless the Shareholder has specifically instructed that his or her Common Shares are to be withheld from voting in connection with the appointment of DMCL, the persons named in the accompanying proxy intend to vote FOR the re-appointment of DMCL as the auditor of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed, and to authorize the Board to fix its remuneration.**

## **3. Approval of Stock Option Plan**

The Corporation maintains a share incentive plan, the Option Plan, which was last approved by Shareholders at a meeting held on June 30, 2017. The Option Plan is a rolling stock option plan that sets the number of Common Shares issuable thereunder at a maximum of 10% of the Common Shares issued and outstanding at the time of any grant.

Pursuant TSX Venture Exchange (“**TSX-V**”) policies, a TSX-V-listed issuer is required to obtain the approval of its shareholders for a “rolling” stock option plan at each annual meeting of shareholders. Accordingly, at the Meeting, Shareholders will be asked to approve an ordinary resolution to ratify and approve the Option Plan for the ensuing year.

The Option Plan provides that the Board may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase Common Shares. The Stock Option Plan provides for a floating maximum limit of 10% of the outstanding Common Shares as permitted by the policies of the TSX-

V. As at the record date of this information circular, there were no options issued to purchase Common Shares to eligible participants under the Option Plan. Subsequently, on May 15, 2018, options to purchase a total of 1,752,000 Common Shares were issued to eligible participants under the Option Plan and remain outstanding, and the number of Common Shares remaining available for issuance under the Option Plan is 436,081.

For a summary of the Option Plan, please see “*Executive Compensation – Equity Compensation Plan Information – Stock Option Plan*”. The full text of the Option Plan will be supplied free of charge to any Shareholder upon written request made directly to the Corporation at Suite 1080, 789 West Pender Street, Vancouver, BC, V6C 1H2, Attention: Chief Financial Officer.

### ***Shareholder Approval of the Stock Option Plan***

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution approving the Option Plan. To be adopted, this resolution is required to be passed by the affirmative vote of a majority of the votes cast at the Meeting.

**Unless otherwise instructed, the persons named in the enclosed proxy or voting instruction form intend to vote such proxy or instructions FOR the resolution approving the Option Plan.** The directors of the Corporation recommend that Shareholders vote in favour of the resolution approving the Option Plan.

## **STATEMENT OF CORPORATE GOVERNANCE**

### **Board of Directors**

The Board and senior management consider good corporate governance to be central to the effective and efficient operation of the Corporation. The Board is committed to a high standard of corporate governance practices. The Board believes that this commitment is not only in the best interest of the Shareholders, but that it also promotes effective decision making at the Board level.

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators (“**NI 58-101**”) defines an “independent director” as a director who has no direct or indirect “material relationship” with the issuer. A “material relationship” is as a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of a member’s independent judgment. The Board maintains the exercise of independent supervision over management by ensuring that the majority of its directors are independent.

The Board currently consists of five (5) directors being Antony Harwood, Antonia J. Chapman, Gregory C. Hall, Andrew Thomson and Jamie Levy. Messrs. Hall, Thomson and Levy and Ms. Chapman are independent within the meaning of NI 58-101. Dr. Harwood is not independent as he is an officer of the Corporation and thereby is considered to have a “material relationship” with the Corporation.

The Board believes that it functions independently of management and reviews its procedures on an ongoing basis to ensure that it is functioning independently of management. The Board meets without management present, as circumstances require. When conflicts arise, interested parties are precluded from voting on matters in which they may have an interest. In light of the suggestions contained in National Policy 58-201 – *Corporate Governance Guidelines*, the Board convenes meetings, as deemed necessary, of the independent directors, at which non-independent directors and members of management are not in attendance.

### **Other Public Company Directorships**

Certain of the directors and proposed directors of the Corporation are also current directors of other reporting issuers (or equivalent) in a jurisdiction or a foreign jurisdiction as follows:

<b>Name of Director</b>	<b>Other reporting issuer (or equivalent in a foreign jurisdiction)</b>	<b>Trading Market</b>
Antony Harwood	Tesoro Minerals Corp. East Africa Metals Inc.	TSX-V TSX-V
Andrew Thomson	Palamina Corp. Gossan Resources Ltd.	TSX-V TSX-V
Gregory C. Hall	China Gold International Resources Corp. Ltd.	TSX

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)	Trading Market
Jamie Levy	Golden Tag Resources Ltd. Generation Mining Limited	TSX-V CSE

### **Orientation and Continuing Education of Board Members**

The Board, together with the Nominating and Corporate Governance Committee (the “**Nominating Committee**”) is responsible for providing a comprehensive orientation and education program for new directors which fully sets out:

- the role of the Board and its committees;
- the nature and operation of the business of the Corporation; and
- the contribution which individual directors are expected to make to the Board in terms of both time and resource commitments.

In addition, the Board, together with the Nominating Committee, is also responsible for providing continuing education opportunities to existing directors so that individual directors can maintain and enhance their abilities and ensure that their knowledge of the business of the Corporation remains current.

### **Ethical Business Conduct**

The Board has adopted a written code of business conduct and ethics to encourage and promote a culture of ethical business conduct amongst the directors, officers and employees of the Corporation. Copies of the Code of Conduct are available upon written request from the Chief Financial Officer of the Corporation. The Board is responsible for ensuring compliance with the Corporation’s Code of Conduct.

In addition to those matters which, by law, must be approved by the Board, the approval of the Board is required for:

- the Corporation’s annual business plan and budget;
- material transactions not in the ordinary course of business; and
- transactions which are outside of the Corporation’s existing business.

To ensure the directors exercise independent judgment in considering transactions and agreements in which a director or officer has a material interest, all such matters are considered and approved by the independent directors. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which give rise to such a conflict.

The Corporation believes that it has adopted corporate governance procedures and policies which encourage ethical behaviour by the Corporation’s directors, officers and employees.

### **Board Committees**

The Board has three standing committees: the Audit Committee, the Nominating and Corporate Governance Committee, and the Compensation Committee.

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

The Nominating Committee is responsible for the appointment and assessment of directors. The Nominating Committee is currently composed of three directors, namely Gregory C. Hall (Chairman), Antonia J. Chapman, and Andrew Thomson, all of whom are considered “independent” directors within the meaning of NI 58-101.

The Nominating Committee seeks to achieve a balance of knowledge, experience and capability among the members of the Board. When considering candidates for director, the Nominating Committee takes into account a number of factors, including the following (although candidates need not possess all of the following characteristics and not all factors are weighted equally):

- Personal qualities and characteristics, accomplishments and reputation in the business community;
- Current knowledge and contacts in the countries and/or communities in which the Corporation does business and in the Corporation's industry sectors or other industries relevant to the Corporation's business; and
- Ability and willingness to commit adequate time to Board and committee matters, and be responsive to the needs of the Corporation.

The Board will periodically assess the appropriate number of directors on the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, or the size of the Board is expanded, the Nominating Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating Committee through current directors or management, stockholders or other persons. These candidates will be evaluated at regular or special meeting of the Nominating Committee, and may be considered at any point during the year.

### ***Compensation***

The Compensation Committee is responsible for assisting the Corporation in determining compensation of senior management of the Corporation as well as reviewing the adequacy and form of the directors' compensation. The Compensation Committee is currently composed of three directors, namely Greg C. Hall (Chairman), Andrew Thomson and Antony Harwood. Messrs. Thomson and Hall are considered "independent" directors within the meaning of NI 58-101. Dr. Harwood is not considered an independent director, as he is an officer of the Corporation.

The Compensation Committee is expected to annually review the goals and objectives of the Corporation's Chief Executive Officer for the upcoming year and to perform an appraisal of the Corporation's Chief Executive Officer's performance for the past year. The Compensation Committee will also administer and make recommendations regarding the operation of the Corporation's incentive plans. For more information about the Compensation Committee's responsibilities and the Corporation's compensation determination process, see "*Oversight and Description of Director and Named Executive Officer Compensation*".

### **Assessments**

The Board, its Audit Committee and its individual directors are assessed regularly, at least on an annual basis, as to their effectiveness and contribution. In addition, the Chairman of the Board encourages discussion amongst the directors or the committee members, as the case may be, as to their evaluation of their own effectiveness over the course of the year. All directors and/or committee members are free to make suggestions for improvement of the practice of the Board and/or its committees at any time and are encouraged to do so.

## **AUDIT COMMITTEE**

The Audit Committee is responsible for monitoring the Corporation's accounting and financial reporting practices and procedures, the adequacy of internal accounting controls and procedures, the quality and integrity of financial statements and for directing the auditors' examination of specific areas. The members of the Audit Committee are Andrew Thomson (Chairman), Gregory C. Hall and Antony Harwood. Messrs. Thomson and Hall are "independent" directors as defined in National Instrument 52-110 – *Audit Committees* ("**NI 52-110**") of the Canadian Securities Administrators. Dr. Harwood is not considered an independent director as he is an officer of the Corporation. Each member of the Audit Committee is considered to be "financially literate" within the meaning of NI 52-110, which includes 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 Corporation's financial statements. The full text of the charter of the Audit Committee (the "**Audit Committee Charter**") is attached as Appendix "A" to this Circular.

### **Relevant Education and Experience**

Andrew Thomson currently serves on the audit committees of two TSX Venture Exchange listed mineral exploration companies, one of which he acts as the chairman of the audit committee.

Gregory C. Hall currently serves on several boards of both TSX listed and Australian listed exploration and development companies and has over 35 years of experience in the international exploration environment.

Antony Harwood has experience serving on the boards of directors and audit committees for multiple public mineral exploration companies.

### **Audit Committee Oversight**

Since the commencement of the Corporation's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Audit Committee Charter.

### **External Auditor Services Fees**

The following table discloses the fees billed to the Corporation by its external auditor during the last two completed financial years:

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
December 31, 2017	\$12,500	Nil	\$2,500	Nil
December 31, 2016	\$12,000	Nil	\$2,500	Nil

Notes:

- (1) Aggregate fees billed for professional services rendered by the auditor for the audit of the Corporation's annual financial statements.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the "Audit Fees" column.
- (3) Aggregate fees billed for tax compliance, tax advice and tax planning professional services.
- (4) No other fees were billed by the auditor of the Corporation other than those listed in the other columns.

### **Exemption**

Since the Corporation is a "Venture Issuer" pursuant to NI 52-110 (its securities are not listed or quoted on any of the Toronto Stock Exchange, a market in the United States of America, or a market outside of Canada and the United States of America), it is exempt from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Corporation may be found in the Corporation's consolidated financial statements and management's discussion and analysis ("MD&A") for its most recently completed financial year. Securityholders may contact the Corporation directly to request complimentary copies of the Corporation's financial statements and MD&A by telephone at 1 (416) 840-9196, or can access copies of such documents free of charge on SEDAR.

## **APPROVAL**

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Board.

DATED this 25<sup>th</sup> day of May 2018.

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

*(signed) "Antony Harwood"*

Antony Harwood  
President and Chief Executive Officer

**APPENDIX “A”**  
**MONTERO MINING AND EXPLORATION LIMITED**  
**AUDIT COMMITTEE CHARTER**

**Mandate**

The Audit Committee (“**Committee**”) is a committee of the Board of Directors (“the **Board**”). Its primary function shall be to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting and disclosure requirements, the overall maintenance of the systems of internal controls that management have established and the overall responsibility for the external and internal audit processes.

The Committee shall have the power to conduct or authorize investigations into any matter within the scope of this Charter. It may request any officer or employee of the Company, its external legal counsel or external auditor to attend a meeting of the Committee or to meet with any member(s) of the Committee.

The Committee shall be accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Committee shall maintain an open communication between the Company’s outside auditor and the Board.

The responsibilities of a member of the Committee shall be in addition to such member’s duties as a member of the Board.

The Committee has the duty to determine whether the Company’s financial disclosures are complete, accurate, are in accordance with international financial reporting standards and fairly present the financial position and risks of the organization. The Committee should, where it deems appropriate, resolve disagreements, if any, between management and the external auditor, and review compliance with laws and regulations and the Company’s own policies.

The Committee will provide the Board with such recommendations and reports with respect to the financial disclosures of the Company as it deems advisable.

**Membership and Composition**

The Committee shall consist of at least three Directors who shall serve on behalf of the Board of which at least two directors are independent. The members shall be appointed annually by the Board and shall meet the independence, financial literacy and experience requirements of the TSX Venture Exchange, including Multilateral Statement 52-110, and other regulatory agencies as required.

A majority of Members will constitute a quorum for a meeting of the Committee.

The Board will appoint one Member to act as the Chairman of the Committee. In his absence, the Committee may appoint another person provided a quorum is present. The Chairman will appoint a Secretary of the meeting, who need not be a member of the committee and who will maintain the minutes of the meeting.

**Meetings**

At the request of the external auditor, the Chief Executive Officer or the Chief Financial Officer of the Company or any member of the Committee, the Chairman will convene a meeting of the Committee. In advance of every meeting of the Committee, the Chairman, with the assistance of the Chief Financial Officer, will ensure that the agenda and meeting materials are distributed in a timely manner.

The Committee shall meet no less than four times per year or more frequently if circumstances or the obligations require. The Audit Committee may hold its meetings, and members of the Audit Committee may attend meetings, by telephone conference if this is deemed appropriate.

**Duties and Responsibilities**

The duties and responsibilities of the Committee shall be as follows:

Financial Reporting and Disclosure

- i. Review and discuss with management and the external auditor at the completion of the annual examination of:
  - a. the Company’s annual consolidated audited financial statements and related notes;
  - b. the external auditor’s audit of the financial statements and their report thereon;
  - c. any significant changes required in the external auditor’s audit plan;
  - d. any serious difficulties or disputes with management encountered during the course of the audit; and
  - e. other matters related to the conduct of the audit, which are to be communicated to the Committee under generally accepted auditing standards.
- ii. Review and discuss with management and the external auditor at the completion of any review engagement or other examination, the Company’s quarterly consolidated financial statements.

- iii. Review, discuss with management the annual reports, the quarterly reports, the Management Discussion and Analysis, Annual Information Form, Prospectus and other disclosures and, if thought advisable, recommend the acceptance of such documents to the Board for approval.
- iv. Review and discuss with management any guidance being provided to shareholders on the expected future results and financial performance of the Company and provide their recommendations on such documents to the Board.
- v. Inquire of the auditors the quality and acceptability of the Company's accounting principles, including the clarity of financial disclosure and the degree of conservatism or aggressiveness of the accounting policies and estimates.
- vi. Meet independently with the external auditor and management in separate executive sessions, as necessary or appropriate.
- vii. Ensure that management has the proper systems in place so that the Company's financial statements, financial reports and other financial information satisfy legal and regulatory requirements. Based upon discussions with the external auditor and the financial statement review, if it deems appropriate, recommend to the Board the filing of the audited annual and unaudited quarterly financial statements.

#### **External Auditor**

- i. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
- ii. Recommend to the Board of Directors the external auditor to be nominated and review the performance of the auditor, including the lead partner of the external auditor.
- iii. Confirm with the external auditor and receive written confirmation at least once per year as to disclosure of any investigations or government enquiries, reviews or investigations of the outside auditor.
- iv. Take reasonable steps to confirm the independence of the external auditor, which shall include:
  - a. ensuring receipt from the external auditor of a formal written statement delineating all relationships between the external auditor and the Company, consistent with generally accepting auditing practices,
  - b. considering and discussing with the external auditor any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the external auditor, and
  - c. approve in advance any non-audit related services provided by the auditor to the Company with a view to ensuring independence of the auditor, and in accordance with any applicable regulatory requirements, including the requirements of the TSX Venture Exchange with respect to approval of non-audit related services performed by the auditor.

#### **Internal Controls and Audit**

- i. Review and assess the adequacy and effectiveness of the Company's systems of internal and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
- ii. Assess the requirement for the appointment of an internal auditor for the Company.
- iii. Inquire of management and the external auditor about the systems of internal controls that management and the Board of Directors have established and the effectiveness of those systems. In addition, inquire of management and the external auditor about significant financial risks or exposures and the steps management has taken to minimize such risks to the Company.

#### **Oversight Function**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or are in accordance with IFRS and applicable rules and regulations. These are the responsibilities of management and the external auditors. The Committee, the Chairman and any Members identified as having accounting or related financial expertise are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Company, and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a Member as having accounting or related financial expertise for disclosure purposes is based on that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a Member who is identified as having accounting or related financial expertise, like the role of all Members, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

#### **Charter Review**

The Committee will annually review and reassess the adequacy of this policy and submit any recommended changes to the Board for approval.

#### **Adoption**

This policy was adopted by the Board on November 5, 2010.