



NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING

AND

INFORMATION CIRCULAR

**To be held on Thursday, June 27, 2019**

Dated: May 6, 2019

## NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the **Annual General and Special** meeting of shareholders (the "**Meeting**") of **MONTERO MINING AND EXPLORATION LTD.** (the "**Company**") will be held at Peterson McVicar LLP at Suite 902, 18 King Street E., Toronto, Ontario, on **Thursday, June 27, 2019, at 9:00 a.m.** (Eastern Time) for the following purposes:

- to receive the audited financial statements of the Company for the financial year ended December 31, 2018, together with the auditor's report thereon;
- to fix number of directors at four (4);
- to elect directors for the ensuing year;
- to appoint Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as the Company's auditor for the ensuing year, and to authorize the directors to fix the remuneration to be paid to the auditor;
- to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve the Company's 10% rolling incentive stock option plan for the ensuing year;
- to consider and, if deemed advisable, to pass, with or without variation, a special resolution to approve the repeal and replace of the Company's Articles (the "**New Articles Resolution**");
- if the New Articles Resolution is not passed by special resolution of shareholders of the Company ("**Shareholders**"), the Shareholders will be asked to consider, and if deemed advisable, to pass, with or without variation, a special resolution to approve an amendment of the Company's articles providing for advance notice provisions; and
- to transact such other business as may properly come before the Meeting or any adjournments thereof.

The accompanying management information circular (the "**Information Circular**") provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying this Notice are (i) Form of Proxy or Voting Instruction Form, and (ii) Financial Statement Request Form. Any adjournment of the Meeting will be held at a time and place to be specified at the Meeting.

Only Shareholders of record at the close of business on **May 6, 2019**, will be entitled to receive notice of and vote at the Meeting. Shareholders are entitled to vote at the Meeting either in person or by proxy. Each common share (the "**Common Share**") is entitled to one vote.

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

**Non-registered Shareholders who plan to attend the Meeting must follow the instructions set out in the Form of Proxy or Voting Instruction Form to ensure that their Common Shares will be voted at the Meeting. If you hold your Common Shares in a brokerage account, you are not a registered Shareholder.**

**DATED** at Vancouver, British Columbia, this **6th** day of **May, 2019**.

BY ORDER OF THE BOARD OF DIRECTORS:

Signed: "Antony Harwood"

DR. ANTONY HARWOOD

President, Chief Executive Officer and Director

## LETTER TO SHAREHOLDERS

Dear Shareholders,

This year has seen Montero further developed its battery metals strategy by advancing our lithium and tin project in Namibia and by making a significant Lithium-Iodine discovery in Chile.

Montero has focussed on advancing projects where the main lithium mineral of interest is spodumene in prospective lithium pegmatite fields in Africa and in the Lithium Triangle in South America. Namibia and Chile have become a prime focus because of prospective lithium geology, stable government and a mining friendly environment on these countries.

The Uis lithium – tin tailing project represent the residues of Africa’s largest tin mine where lithium was never recovered. The compliant surface inferred resource estimate is 17 million tonnes with 500ppm tin ( $\text{SnO}_2$ ) and 14 million tonnes of with 0.37% lithium ( $\text{Li}_2\text{O}$ ). The Company is to advance this project to a feasibility study stage.

The Soris lithium project is a lithium spodumene rich pegmatite deposit that was previously mined for tantalum and tin. Initial sampling of surface and drilling has confirmed spodumene as the main lithium mineral and confirmed lithium values on average greater than 1%  $\text{Li}_2\text{O}$ , with tantalum and tin credits. The company has planned a drilling program where the target resource is 10 million tonnes are 1%  $\text{Li}_2\text{O}$  with tantalum and tin.

In addition, the company has secured 138km<sup>2</sup> of exploration licenses in the Atacama area of northern Chile where surface sampling has revealed a new lithium discover with anomalous values of lithium, iodine and nitrates of potassium and sodium.

I am confident that our new battery metals strategy will create value for shareholders and our remaining legacy assets will also create value in time.

I wish to thank shareholders, Montero’s Board of Directors, our management and consultants for their continued support. The past year has been one of transition and advancing our project on a milestone basis. I am happy to report we are seeing a renewed confidence in commodities which places Montero in a prime position to participate in a resurging junior equity market.

Sincerely yours,

Dr. Antony Harwood  
President & CEO

## MANAGEMENT INFORMATION CIRCULAR

The information contained in this Management Information Circular, unless otherwise indicated, is as of **May 6, 2019**.

**This Management Information Circular is being mailed by the management of MONTERO MINING AND EXPLORATION LTD. (the “Company” or “Montero” or “MON”) to Shareholders of record at the close of business on May 6, 2019, which is the date that has been fixed by the directors of the Company as the record date (the “Record Date”) to determine the Shareholders who are entitled to receive notice of the meeting.** The Company is mailing this Information Circular in connection with the solicitation of proxies by and on behalf of the Company for use at its annual general and special meeting (the “Meeting”) that is to be held on **Thursday, June 27, 2019 at 9:00a.m.** (Eastern Time) at Suite 902, 18 King Street E, Toronto, Ontario M5C 1C4. The solicitation of proxies will be primarily by mail. Certain employees or directors of the Company may also solicit proxies by telephone or in person. The cost of solicitation will be borne by the Company.

The Company is not relying on the “Notice and Access” delivery procedures outlined in National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* to distribute copies of proxy-related materials in connection with the Meeting by posting them on a website.

### QUORUM

Under Montero’s Articles, the quorum for the transaction of business at a Meeting of Shareholders is two persons who are, or who represent by proxy, Shareholders who, in aggregate, hold at least 5% of the issued shares entitled to be voted at the Meeting.

## SECTION 1 - VOTING

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### WHO CAN VOTE?

If you are a registered Shareholder of the Company as at **May 6, 2019**, you are entitled to notice of and to attend at the Meeting and cast a vote for each common share in the capital of the Company (“**Common Share**”) registered in your name on all resolutions put before the Meeting. If the Common Shares are registered in the name of a corporation, a duly authorized officer of the corporation may attend on its behalf, but documentation indicating such officer’s authority should be presented at the Meeting. If you are a registered Shareholder but do not wish to, or cannot, attend the Meeting in person you can appoint someone who will attend the Meeting and act as your proxyholder to vote in accordance with your instructions (see “**Voting By Proxy**” below). If your Common Shares are registered in the name of a “nominee” (usually a bank, trust company, securities dealer, financial institution or other intermediary) you should refer to the section entitled “**Non-Registered Shareholders**” set out below.

It is important that your Common Shares be represented at the Meeting regardless of the number of Common Shares you hold. If you will not be attending the Meeting in person, we invite you to complete, date, sign and return your form of proxy as soon as possible so that your Common Shares will be represented.

## VOTING BY PROXY

**If you do not attend the Meeting, you can still vote your Common Shares by appointing someone who will be there to act as your proxyholder. You can either tell that person how you want to vote or you can let him or her decide for you. You can do this by completing a form of proxy.**

**In order to be valid, you must return the completed form of proxy to the Company's transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department, or by fax within North America at 1-866-249-7775 or outside North American at 1-416-263-9524 not later than 48 hours, excluding Saturdays, Sundays and holidays, prior to the time fixed for the Meeting or any adjournments thereof.**

### *What Is A Proxy?*

A form of proxy is a document that authorizes someone to attend the Meeting and cast your votes for you. We have enclosed a form of proxy with this Information Circular. You should use it to appoint a proxyholder, although you can also use any other legal form of proxy.

### *Appointing A Proxyholder*

**You can choose any individual to be your proxyholder.** It is not necessary for the person whom you choose to be a Shareholder. To make such an appointment, simply fill in the person's name in the blank space provided in the enclosed form of proxy. To vote your Common Shares, your proxyholder must attend the Meeting. If you do not fill a name in the blank space in the enclosed form of proxy, the persons named in the form of proxy are appointed to act as your proxyholder (the "**Management Proxyholders**"). Those persons are directors, officers or other authorized representatives of the Company.

### *Instructing Your Proxy*

You may indicate on your form of proxy how you wish your proxyholder to vote your Common Shares. To do this, simply mark the appropriate boxes on the form of proxy. If you do this, your proxyholder must vote your Common Shares in accordance with the instructions you have given.

**If you do not give any instructions as to how to vote on a particular issue to be decided at the Meeting, your proxyholder can vote your Common Shares as he or she thinks fit. If you have appointed the persons designated in the form of proxy as your proxyholder they will, unless you give contrary instructions, vote your Common Shares IN FAVOUR of each of the items of business being considered at the Meeting.**

For more information about the matters to be voted on, see "*Section 3 - The Business of the Meeting*". **The enclosed form of proxy gives your proxyholder the authority to use their discretion in voting on amendments or variations to matters identified in the Notice of Meeting.** At the time of printing this Information Circular, the management of the Company is not aware of any other matter to be presented for action at the Meeting. If, however, other matters do properly come before the Meeting, the persons named on the enclosed form of proxy will vote on them in accordance with their best judgment, pursuant to the discretionary authority conferred by the form of proxy with respect to such matters.

### *Revoking Your Proxy*

If you want to revoke your proxy after you have delivered it to the Company, you can do so at any time before the Meeting. You may do this by (a) attending the Meeting and voting in person; (b) signing a proxy bearing a later date; (c) signing a written statement which indicates, clearly, that you want to

revoke your proxy and delivering this signed written statement to the Company at Suite 1080 – 789 West Pender Street, Vancouver, British Columbia, V6C 1H2 or (d) in any other manner permitted by law.

Your proxy will only be revoked if a revocation is received by 9:00 a.m. (Eastern Time) on the last business day before the day of the Meeting, or any adjournment thereof, or delivered to the person presiding at the Meeting before it (or any adjournment) commences. If you revoke your proxy and do not replace it with another that is deposited with us before the deadline, you can still vote your Common Shares but to do so you must attend the Meeting in person. **Only registered Shareholders may revoke a proxy. If your Common Shares are not registered in your own name and you wish to change your vote, you must arrange for your nominee to revoke your proxy on your behalf (see below under “Non-Registered Shareholders”).**

#### **REGISTERED SHAREHOLDERS**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed Form of Proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc., 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department (“**Computershare**”), or by fax within North America at 1-866-249-7775 or outside North America at 1-416-263-9524.

In all cases, the completed Form of Proxy must be received by Computershare at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the Proxy is to be used.

#### **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 Common Shares. Intermediaries include banks, trust companies, securities dealers or brokers, and trustees or administrators of self-administered RRSPs, RRIFFs, RESPs and similar plans; OR
- (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) 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**”.

Pursuant to NI 54-101 of the Canadian Securities Administrators, the Company has distributed copies of proxy-related materials in connection with this Meeting (including this Information Circular) indirectly or directly to the NOBOs and to the Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries that receive the proxy-related materials are required to forward the proxy-related materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive any materials from the Company. Intermediaries often use service companies to forward the proxy-related materials to Non-Registered Holders.

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 proxy-related materials and related documents. Accordingly, an OBO will not receive copies of the proxy-related materials and related documents unless the OBO's Intermediary assumes the costs of delivery.

Generally, Non-Registered Holders who have not waived the right to receive proxy-related materials (including OBOs who have made the necessary arrangements with their Intermediary for the payment of delivery and receipt of such proxy-related materials) will be sent a voting instruction form which must be completed, signed and returned by the Non-Registered Holder in accordance with the Intermediary's directions on the voting instruction form. In some cases, such Non-Registered Holders may be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Holder but which is otherwise not completed. This form of proxy does not need to be signed by the Non-Registered Holder, but, to be used at the Meeting, needs to be properly completed and deposited with Computershare as described under "*Section 1 – Voting - Voting By Proxy*" above.

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Common Shares that they beneficially own. Should a Non-Registered Holder wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should insert the Non-Registered Holder's (or such other person's) name in the blank space provided as the proxyholder or, in the case of a voting instruction form, follow the corresponding instructions on the form.

**Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies, including instructions regarding when and where the voting instruction form or Proxy form is to be delivered.**

#### **NOTICE TO SHAREHOLDERS IN THE UNITED STATES**

The solicitation of proxies involves securities of an issuer located in Canada and is being effected in accordance with the corporate laws of Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws. The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Company is incorporated under the *Business Corporations Act* (British Columbia), as amended (the "**Act**"), certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign company or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign company and its officers and directors to subject themselves to a judgment by a United States court.

## SECTION 2 - VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares (the “Common Shares”) without par value. As at the close of business on the Record Date being **May 6, 2019**, an aggregate of **21,880,818** Common Shares were issued and outstanding. Each Shareholder entitled to receive notice of and to vote at the Meeting is entitled to one vote for each Common Share registered in his or her name at the close of business on **May 6, 2019**.

On a show of hands, every individual who is present and is entitled to vote as a Shareholder or as a representative of one or more corporate Shareholders will have one vote, and on a poll every Shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate Shareholders, will have one vote for each Common Share registered in that Shareholder’s name on the list of Shareholders as at the Record Date, which is available for inspection during normal business hours at the Company’s transfer agent and will be available at the Meeting.

To the knowledge of the directors and executive officers of the Company, the only persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company as at May 6, 2019, are:

Shareholder Name	Number of Common Shares Held <sup>(1)(2)</sup>	Percentage of Issued Common Shares <sup>(1)</sup>
Antony Harwood	3,323,620 <sup>(3)</sup>	15.18%

**NOTES:**

- (1) Based on 21,880,818 Common Shares issued and outstanding as at Record Date.
- (2) Information as to Common Shares beneficially owned, not being within our knowledge has been furnished by the respective person, has been extracted from the list of registered Shareholders maintained by the Company’s transfer agent, has been obtained from insider reports filed by respective person and available through the Internet at the Canadian System for Electronic Disclosure by Insiders ([www.sedi.ca](http://www.sedi.ca)) or has been obtained from early warning report and alternative monthly reports filed by the respective person and available through the Internet at the Canadian System for Electronic Document Analysis and Retrieval ([www.sedar.com](http://www.sedar.com)).
- (3) Of the 3,323,620 Common Shares held by Dr. Antony Harwood, 2,357,640 are held by Global Mining Services Ltd., a company wholly-owned by Dr. Harwood and 938,440 shares are held by Zander Investing Limited, a company wholly-owned by Dr. Harwood.

## SECTION 3 - THE BUSINESS OF THE MEETING

A simple majority of affirmative votes cast at the Meeting is required to pass the ordinary resolutions described herein. To pass the special resolution to amend and restate the Company’s articles, two-thirds majority of affirmative votes is required. If there are more nominees for election as directors or appointment of the Company’s auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

### 1. FINANCIAL STATEMENTS

The audited financial statements of the Company for the financial year ended December 31, 2018, will be placed before you at the Meeting. They have already been mailed to the Shareholders who have requested they receive a copy of same together with the Notice of Meeting and this Information Circular. These audited financial statements are also available at [www.sedar.com](http://www.sedar.com).

**No approval or other action needs to be taken at the Meeting in respect of these documents.**

Pursuant to National Instrument 51-102 *Continuous Disclosure Obligations* and National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, both of the Canadian Securities Administrators, a person or corporation who in the future wishes to receive annual and interim financial statements from the Company must deliver a written request for such material to the Company. Shareholders who wish to receive annual and interim financial statements are encouraged to complete the appropriate section on the Financial Statement Request Form attached to this Information Circular and send it to the Company.

**2. ELECTION OF DIRECTORS**

*Number of Directors*

Under the Company's Articles and pursuant to the *Business Corporations Act* (British Columbia), the number of directors may be set by ordinary resolution but shall not be fewer than three. The Company currently has **four (4)** directors. All of the current directors are being put forward by management of the Company for election at the Meeting.

**The Company's management recommends that the Shareholders vote in favour of the resolution setting the number of directors at four (4). Unless you give other instructions, the Management Proxyholders intend to vote FOR the resolution setting the number of directors at four (4).**

*Nominees for Election*

Directors of the Company are elected for a term of one year. The term of office of each of the nominees proposed for election as a director will expire at the Meeting, and each of them, if elected, will serve until the close of the next annual general meeting, unless he or she resigns or otherwise vacates office before that time.

Each of the nominees has agreed to stand for election and management of the Company is not aware of any intention otherwise. 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, the persons designated in the enclosed Form of Proxy reserve the right to vote for other nominees in their discretion.

The following table sets out the names of management's nominees for election as directors of the Company; each nominee's role within the Company; each nominee's principal occupation, business or employment; the period of time during which each nominee has been a director of the Company; and the number of Common Shares that are beneficially owned, directly or indirectly, or over which control or direction is exercised, by each nominee as at Record Date.

<b>Name and place of residence<sup>(1)</sup></b>	<b>Principal occupation for the past five years<sup>(1)</sup></b>	<b>Director since</b>	<b>Number of shares<sup>(2)</sup></b>
Antony Harwood <sup>(3)(4)</sup> <i>Kensington, South Africa</i>	President and CEO of the Company	Oct 5, 2006	3,323,620
Gregory C. Hall <sup>(3)(4)(5)</sup> <i>Western Australia, Australia</i>	Consultant, Golden Phoenix International Pty Ltd.	Jan 15, 2010	183,101

Name and place of residence <sup>(1)</sup>	Principal occupation for the past five years <sup>(1)</sup>	Director since	Number of shares <sup>(2)</sup>
Andrew Thomson <sup>(3)(4)(5)</sup> <i>Ontario, Canada</i>	President and CEO of Palamina Corp.	Mar 7, 2008	733,301
Jamie Levy <sup>(5)</sup> <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 as to the residency and principal occupation has been provided by the respective directors.
- (2) Information as to Common Shares beneficially owned, not being within our knowledge has been furnished by the respective person, has been extracted from the list of registered Shareholders maintained by the Company's transfer agent, has been obtained from insider reports filed by respective person and available through the Internet at the Canadian System for Electronic Disclosure by Insiders ([www.sedi.ca](http://www.sedi.ca)) or has been obtained from early warning report and alternative monthly reports filed by the respective person and available through the Internet at the Canadian System for Electronic Document Analysis and Retrieval ([www.sedar.com](http://www.sedar.com)).
- (3) Member of the Audit Committee. Mr. Andrew Thomson is the chair of the Audit Committee.
- (4) Member of the Compensation Committee. Mr. Gregory Hall is the chair of the Compensation Committee.
- (5) Member of the Nominating and Corporate Governance Committee. Mr. Gregory Hall is chair of the Nominating and Corporate Governance Committee.

**The Company's management recommends that the Shareholders vote in favour of the election of the proposed nominees as directors of the Company for the ensuing year. Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the nominees named in this Information Circular.**

**CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

As at the date of this Information Circular, to the knowledge of the Company, no proposed nominee for election as a director of the Company (nor any of his or her personal holding companies) 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 shareholder in deciding whether to vote for a proposed director.

No proposed nominee for election as a director of the Company is, or has been, within 10 years before the date of this Information Circular:

1. a director, chief executive officer or chief financial officer of any company (including the Company and any personal holding company of the proposed director) that, while that person was acting in that capacity:

- (a) was subject to 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 an order similar to a cease trade 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 (an “**Order**”); or
  - (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or
2. a director or executive officer of any company (including the Company) and any personal holding company of the proposed director) 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 nominee for election as a director of the Company has, within the ten years before 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 the proposed director.

### **3. APPOINTMENT OF THE AUDITOR**

At the Meeting, Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, located at Suite 1500 – 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, will be recommended by management and the Board of Directors for re-appointment as auditor of the Company at a remuneration to be fixed by the directors. See “*Section 5 – Audit Committee – External Service Fees*”.

**The Company’s management recommends that the Shareholders vote in favour of the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, as the Company’s auditor for the ensuing year and grant the Board of Directors the authority to determine the remuneration to be paid to the auditor. Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the appointment of Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, to act as the Company’s auditor until the close of its next annual general meeting and also intend to vote FOR the proposed resolution to authorize the Board of Directors to fix the remuneration to be paid to the auditor.**

### **4. OPTION PLAN**

The Company maintains a share incentive plan (the “**Option Plan**”), which was last approved by Shareholders at a meeting held on June 28, 2018. 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 to 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 Company, or any subsidiary of the Company, the option to

purchase Common Shares. The 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 1,752,000 options issued and outstanding to purchase Common Shares to eligible participants under the Option Plan. 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 Company at Suite 1080, 789 West Pender Street, Vancouver, BC V6C 1H2, Attention: Chief Financial Officer.

**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 Company recommend that Shareholders vote in favour of the resolution approving the Option Plan.**

## **5. NEW ARTICLES**

The Articles of the Company, among other things, set out rules for the conduct of its business and affairs. The Company’s existing Articles (the “**Existing Articles**”) can be accessed at [www.sedar.com](http://www.sedar.com). Management of the Company wishes to adopt new Articles (the “**New Articles**”). The proposed New Articles will bring the Company up-to-date with current corporate practices under the *Business Corporations Act* (British Columbia) for companies whose shares are listed on the TSX Venture Exchange. A copy of the New Articles is attached hereto as Schedule “B” to the Management Information Circular. The New Articles are substantively similar to the Existing Articles and the primary deletions and/or additions to the New Articles from that of the Current Articles are set out below.

### *Advance Notice Provisions*

The directors of the Company are proposing that the New Articles of the Company include an advance notice provision (the “**Advance Notice Provision**”), as more particularly described below in “*Section 3 – The Business of the Meeting - Advance Notice Provisions*”.

The New Articles also refine a number of “housekeeping” and other primary provisions contained in the Current Articles as follows:

### *Alterations*

The New Articles indicate that the Company may by director’s resolution create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares. The New Articles also allow, by directors’ resolution, for the Company to: (a) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares; and (b) subdivide or consolidate all or any of its unissued or fully paid issued shares. Under the Existing Articles, the Company may complete the above by special resolution of Shareholders.

### *Quorum at Shareholder Meetings*

The New Articles indicate that subject to special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of Shareholders is one

or more persons present and being, or representing by proxy, two or more Shareholders entitled to attend and vote at the meeting. Under the Existing Articles, quorum is 5% of the issued and outstanding shares entitled to be voted at the meeting.

#### *Change of Name*

The New Articles allow the Company by directors' resolution to authorize an alteration of its Notice of Articles in order to change its name. Under the Existing Articles, the Company may only authorize an alteration of its Notice of Articles to change its name by way of a special resolution of Shareholders.

#### *Quorum at Directors Meetings*

The New Articles indicate that the quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of directors then in office. Under the Existing Articles, the Quorum necessary for the transaction of the business of the directors is set at two.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, a special resolution authorizing the adoption of the New Articles (the "**New Articles Resolution**"):

#### **"BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. Subject to the approval of the TSX Venture Exchange, the cancellation of the existing Articles of the Company and the adoption of a new form of Articles for the Company be and are hereby approved
2. The Board of Directors of the Company be and are hereby authorized to revoke this special resolution and abandon or terminate cancellation of the existing Articles and the adoption of a new form of Articles for the Company if the Board deems it appropriate and in the best interests of the Company to do so, without further confirmation, ratification or approval of the Shareholders; and
3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolution."

**A majority vote of a minimum of two-thirds of the votes cast on the resolution must be received in order to pass the above special resolution. The Company's management recommends that the Shareholders vote in favour of the cancellation of the existing Articles of the Company and the adoption of the new form of Articles for the Company. Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the cancellation of the existing Articles and the adoption of the new form of Articles for the Company.**

#### **6. ADVANCE NOTICE PROVISIONS**

##### *Introduction*

The Board is proposing that if the New Articles Resolution is not passed, that the existing Articles of the Company be amended by special resolution to include advance notice provisions (the "**Advance Notice Provisions**"), intended to: (i) facilitate an orderly and efficient annual general or, where the need arises, special, meeting; (ii) ensure that all Shareholders receive adequate notice of the director nominations and sufficient information with respect to all nominees; and (iii) allow Shareholders to register an informed vote having been afforded reasonable time for appropriate deliberation.

### *Purpose of the Advance Notice Provisions*

The purpose of the Advance Notice Provisions is to provide Shareholders, directors and management of the Company with a clear framework for nominating directors. The Advance Notice Provisions set a deadline by which holders of record of Common Shares must submit director nominations to the Company prior to any annual or special meeting of Shareholders. Under the Advance Notice Provisions, a Shareholder nominating directors must provide information about their nominees in the notice to the Company for the notice to be in proper written form. If the Company does not receive the information required by the Advance Notice Provisions in proper written form, the director nominee will not be eligible for election at any annual or special meeting of Shareholders.

### *Effect of the Advance Notice Provisions*

Subject to the *Business Corporations Act* (British Columbia) and the Advance Notice Provisions incorporated into the Company's Articles (if approved by special resolution of Shareholders and accepted by the TSX Venture Exchange), only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the Board may be made at any annual meeting of Shareholders, or at any special meeting of Shareholders, if one of the purposes for which the special meeting was called was the election of directors.

In order to be eligible for election to the Board at any annual meeting or special meeting of Shareholders following the adoption of the Advance Notice Provisions, persons must be nominated in accordance with one of the following procedures:

- (a) by or at the direction of the Board, including pursuant to a notice of meeting;
- (b) by or at the direction or request of one or more Shareholders pursuant to a valid proposal made in accordance with the provisions of the *Business Corporations Act* (British Columbia), or a requisition of the Shareholders made in accordance with the *Business Corporations Act* (British Columbia); or
- (c) by any person (a "**Nominating Shareholder**"): (i) who, at the close of business on the date of the giving of the notice provided for below in the Advance Notice Provisions and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more Common Shares carrying the right to vote at such meeting or who beneficially owns Common Shares that are entitled to be voted at such meeting; and (ii) who complies with the notice procedures set forth below in the Advance Notice Provisions.

In addition to any other applicable requirements, the Nominating Shareholder must provide to the Company the following for a nomination to be considered valid: (a) timely notice of intention to nominate directors for election in proper written form delivered to the Corporate Secretary of the Company at the principal executive offices of the Company in accordance with this Advance Notice Provisions, and (b) the representation and agreement that each candidate for nomination will comply with the policies and procedures of the Company as required by, and within the time period specified in this Advance Notice Provisions.

To be timely, a Nominating Shareholder's notice to the Corporate Secretary of the Company must be made: (a) in the case of an annual meeting of Shareholders, not less than 30 and no more than 65 days prior to the date of the annual meeting of Shareholders; provided, however, that in the event that the annual meeting of Shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the tenth (10<sup>th</sup>) day following the

Notice Date; and (b) in the case of a special meeting (which is not also an annual meeting) of Shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the fifteenth (15<sup>th</sup>) day following the day on which the first public announcement of the date of the special meeting of Shareholders was made. In no event shall any adjournment or postponement of a meeting of Shareholders, or the announcement thereof, or the reconvening of any adjourned or postponed meeting of Shareholders commence a new time period for the giving of a Nominating Shareholder's notice as described above. Notwithstanding the foregoing, the Board may, in its sole discretion, waive the time periods summarized above.

To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company must set forth:

- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director:
  - (i) the name, age, business address and residential address of the person;
  - (ii) the principal occupation and employment history for the past five years of the person;
  - (iii) the citizenship of such person;
  - (iv) a personal information form in the form prescribed by the appropriate securities exchange;
  - (v) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice;
  - (vi) a statement as to whether such person would be "independent" of the Company (within the meaning of applicable securities law) if elected as a director at such meeting and the reasons and basis for such determination;
  - (vii) confirmation that such person is not prohibited or disqualified from acting as a director; and
  - (viii) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* (British Columbia) and applicable securities laws; and
- (b) as to the Nominating Shareholder giving the notice:
  - (i) any information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* (British Columbia) and applicable securities laws; and
  - (ii) the class or series and number of Shares in the capital of the Company which are controlled or which are owned beneficially or of record by the Nominating Shareholder as of the record date for the meeting of Shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice.

The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as a

director of the Company or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, or such proposed nominee.

To be eligible to be a candidate for election as a director of the Company and to be duly nominated, a candidate must be nominated in the manner prescribed in the Advance Notice Provisions and the candidate for nomination, whether nominated by the board or otherwise, must have previously delivered to the Corporate Secretary of the Company at the principal executive offices of the Company, not less than five (5) days prior to the date of the meeting of Shareholders, a written representation and agreement (in form provided by the Company) that such candidate for nomination, if elected as a director of the Company, will comply with all applicable corporate governance, conflict of interest, confidentiality, share ownership, majority voting and insider trading policies and other policies and guidelines of the Company applicable to directors and in effect during such person's term in office as a director (and, if requested by any candidate for nomination, the Corporate Secretary of the Company shall provide to such candidate for nomination all such policies and guidelines then in effect).

No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provisions; provided, however, that nothing in the Advance Notice Provisions shall be deemed to preclude discussion by a Shareholder (as distinct from nominating directors) at a meeting of Shareholders of any matter that is properly brought before such meeting pursuant to the *Business Corporations Act* (British Columbia) or at the discretion of the chair of the meeting. The chair of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.

Notwithstanding any other provision of the Advance Notice Provisions, notice or any delivery given to the Corporate Secretary of the Company pursuant to the Advance Notice Provisions may only be given by personal delivery, facsimile transmission or by email (provided that the Corporate Secretary of the Company has stipulated an email address for purposes of this notice, at such email address as stipulated from time to time), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the Corporate Secretary at the address of the principal executive offices of the Company; provided that if such delivery or electronic communication is made to the Corporate Secretary on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.

In no event shall any adjournment or postponement of a meeting of Shareholders or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described in this Advance Notice Provisions or the delivery of a representation and agreement as described in this Advance Notice Provisions.

#### *Shareholder Confirmation*

In order to implement the Advance Notice Provisions, the Shareholders of the Company will be asked to consider and, if thought fit, pass a special resolution, requiring a minimum majority of two-thirds of the votes cast in person or represented by proxy at the Meeting, to amend the Company's Articles by adopting the Advance Notice Provisions. Holders of Common Shares and Restricted Voting Shares will each be entitled to vote on the special resolution. The full text of the proposed alteration to the Company's Articles to include the Advance Notice Provisions is attached to this Circular as Schedule "C".

If the Advance Notice Provisions Resolution is passed by special resolution, the amendment to the Articles will become effective on the date of final approval for the Advance Notice Provisions provided by the TSX Venture Exchange.

Shareholders will be asked at the Meeting to vote on the following special resolution:

**“BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. Subject to the approval of the TSX Venture Exchange, the Articles of the Company be and are hereby amended to include the advance notice provisions, substantially in the form attached as Schedule “C” to the Information Circular prepared for the annual general and special meeting of the Company held on June 27, 2019;
2. The Board of Directors of the Company be and are hereby authorized to revoke this special resolution and abandon or terminate the alteration of the Articles if the Board deems it appropriate and in the best interests of the Company to do so, without further confirmation, ratification or approval of the Shareholders; and
3. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts things and to execute and deliver, under the corporate seal of the Company or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolution.”

***Recommendation***

**A majority vote of a minimum of two-thirds of the votes cast on the resolution must be received in order to pass the above special resolution. Management and the Board of Directors of the Company believe the Advance Notice Provisions will provide a clear framework for nominating directors. The Company’s management recommends that the Shareholders vote in favour of the Advance Notice Provisions. Unless you give instructions otherwise, the Management Proxyholders intend to vote FOR the Advance Notice Resolution.**

**OTHER BUSINESS**

The Company will consider and transact such other business as may properly come before the Meeting or any adjournment or adjournments thereof. Management of the Company knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting the Common Shares represented by the proxies solicited hereby will be voted on such matter in accordance with the best judgement of the persons voting by proxy.

## **SECTION 4 – EXECUTIVE COMPENSATION**

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**GENERAL**

For the purpose of this Statement of Executive Compensation:

**“Company”** means Montero Mining and Exploration Ltd.;

**“compensation securities”** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;

“**external management company**” includes a subsidiary, affiliate or associate of the external management company;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) each individual who, in respect of the Company, during any part of the most recently completed financial year, served as chief executive officer (“**CEO**”), including an individual performing functions similar to a 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 (“**CFO**”), including an individual performing functions similar to a CFO;
- (c) in respect of the Company 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 ended December 31, 2018 whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year;

“**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;

“**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

Based on the foregoing definitions, during the most recently completed financial year ended **December 31**, the Company had **two (2)** NEOs, namely Dr. Antony Harwood, President and Chief Executive Officer, and Sheri Rempel, Interim Chief Financial Officer and Corporate Secretary.

## **DIRECTOR AND NEO COMPENSATION**

### ***Director and NEO compensation, excluding options and compensation securities***

The following Executive Compensation Table 1 sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each NEO and director of the Company, in any capacity, including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the NEO or a director of the Company for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

**Executive Compensation Table 1 – Summary of NEO Compensation for the Financial Years Ended December 31, 2018 and December 31, 2017.**

Table of compensation excluding compensation securities							
Name and position	Year Ended Dec 31	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Antony Harwood <i>President and CEO</i>	2018	120,000 <sup>(1)</sup>	Nil	Nil	Nil	6,056 <sup>(2)</sup>	126,056
	2017	85,000 <sup>(3)</sup>	Nil	Nil	Nil	6,342 <sup>(4)</sup>	91,342
Sheri Rempel <i>Interim CFO</i>	2018	13,174 <sup>(5)</sup>	Nil	Nil	Nil	Nil	13,174
	2017	6,325 <sup>(6)</sup>	Nil	Nil	Nil	Nil	6,325
Antonia J. Chapman <sup>(7)</sup> <i>Former CFO</i>	2018	N/A	N/A	N/A	N/A	N/A	N/A
	2017	Nil	Nil	Nil	Nil	32,667	32,667

**NOTES:**

- (1) This amount represents consulting fees in the amount of \$120,000 paid to Global Mining (as herein defined) during the financial year ended December 31, 2018, to provide the services of Dr. Harwood as President and CEO of the Company.
- (2) This amount represents the \$6,056 paid to Dr. Harwood as a contribution towards an extended benefits plan.
- (3) This amount represents consulting fees in the amount of \$85,000 paid to Global Mining (as herein defined) during the financial year ended December 31, 2017, to provide the services of Dr. Harwood as President and CEO of the Company.
- (4) This amount represents the \$6,342 paid to Dr. Harwood as a contribution towards an extended benefits plan.
- (5) Consulting fees in the total amount of \$18,374 paid to ARO Consulting Inc. (as herein defined), a company controlled by the Interim CFO Sheri Rempel, during the financial year ended December 31, 2018. Of the \$18,374 paid to ARO Consulting Inc., Ms. Rempel received directly \$13,174 for her duties as Interim CFO.
- (6) Consulting fees in the total amount of \$16,335 paid to CTB Consulting Inc., a company controlled by the Interim CFO Sheri Rempel, during the financial year ended December 31, 2017. Of the \$16,335 paid to CTB Consulting Inc., Ms. Rempel directly received \$6,325 for her duties as Interim CFO.
- (7) Ms. Chapman resigned as CFO effective October 20, 2017.

***Employment, consulting and management agreements***

Effective July 1, 2017, the Company 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 Company at a rate of \$10,000 per month. Dr. Harwood has beneficial interests in Global Mining.

The Company is party to a consulting agreement with ARO Consulting Inc., a successor company to CTB Consulting Inc. (“**ARO Consulting**”), to provide the services of Sheri Rempel as Interim CFO of the Company on a *per diem* basis. During the last financial year, fees payable to ARO Consulting in respect of Ms. Rempel’s services were paid and not accrued.

***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 Company in the event of the resignation, retirement or other termination of the NEO’s employment with the Company, change of

control of the Company 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 Company will have the option to terminate the agreement with Global Mining in the event of a change in control of the Company by way of a successful take-over, merger, amalgamation or reorganization pursuant to which ownership of more than 51% of the Company's Common 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.

### ***Outstanding Stock Options and Other Compensation Securities granted to NEOs***

The following Executive Compensation Table 2 provides information regarding the outstanding incentive plan awards for each NEO as of December 31, 2018. As of December 31, 2018, the Company has not issued any share-based awards to directors or NEOs.

**Executive Compensation Table 2 – Outstanding Stock Options Granted to NEOs as of December 31, 2018.**

Name and position	Option Based Awards					
	Type of compensation security	Number of Securities under underlying unexercised options	Date of issue or grant	Issue, conversion or exercise price (\$)	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Expiry date
Antony Harwood President, CEO and Director	Stock options	600,000 Common Shares	May 15, 2018	\$0.25	Nil	May 14, 2023
Sheri Rempel <i>Interim CFO</i>	Stock options	120,000 common shares	May 15, 2018	\$0.25	Nil	May 14, 2023

Notes:

- (1) Aggregate dollar amount of in-the-money unexercised options held as at December 31, 2018. This figure is computed based on the difference between the market value of the Common Shares listed on the TSX Venture Exchange as at December 31, 2018 and the exercise price of the options. The close price of the Common Shares on the TSX Venture Exchange on December 31, 2018 was \$0.08.

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

The following Executive Compensation Table 3 provides information regarding the value vested or earned on incentive plan awards for each NEO during the year ended December 31, 2018.

**Executive Compensation Table 3 – Value Vested or Earned by NEOs during the Financial Year Ended December 31, 2018.**

<b>Name</b>	<b>Option-Based Awards – Value Vested during the year (\$)</b>	<b>Share-based awards – Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation – Value earned during the year (\$)</b>
Antony Harwood <sup>(1)</sup> <i>President, CEO and Director</i>	Nil	Nil	Nil
Sheri Rempel <sup>(1)</sup> <i>Interim Chief Financial Officer</i>	Nil	Nil	Nil

Notes:

- (1) Calculated based on the closing price of the Common Shares on the TSX Venture Exchange at the vesting date less the exercise price of the vested Options multiple by the number of vested Options. The Options granted on May 15, 2018 granted to Dr. Antony Harwood and Sheri Rempel, among others, vest immediately. The exercise price is \$0.25 and the closing price of the Common Shares on the TSX Venture Exchange on May 15, 2018 was \$0.245.

***Director compensation, excluding options and compensation securities***

The following Executive Compensation Table 4 sets forth all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company or its subsidiary, to each director of the Company (excluding directors that also act as NEOs), including, for greater certainty, all plan and non-plan compensation, direct and indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite paid, payable, awarded, granted, given or otherwise provided to the directors of the Company (excluding directors that also act as NEOs) for services provided and for services to be provided, directly or indirectly, to the Company or its subsidiary.

**Executive Compensation Table 4 – Summary of Director Compensation for the Financial Years Ended December 31, 2018 and December 31, 2017.**

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position<sup>(1)</sup></b>	<b>Year Ended Dec 31</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Andrew Thomson <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Jamie Levy <sup>(2)</sup> <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
Gregory C. Hall <i>Director</i>	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (2) Dr. Antony Harwood was a director and CEO of the Company during the financial year ended December 31, 2018. Any compensation received by Dr. Harwood in his capacity as director of the Company is reflected in the Summary Compensation Table for NEOs.
- (3) Mr. Levy was appointed to the board of directors of the Company on May 15, 2018.

***Outstanding Stock Options and Other Compensation Securities granted to Directors***

The following Executive Compensation Table 5 provides information regarding the outstanding incentive plan awards for each director (excluding directors who also act as a NEO) as of December 31, 2018. As of December 31, 2018, the Company has not issued any share-based awards to directors or NEOs.

**Executive Compensation Table 5 - Outstanding Stock Options Granted to directors  
as of December 31, 2018.**

Name and position	Option Based Awards					
	Type of compensation security	Number of Securities under underlying unexercised options	Date of issue or grant	Issue, conversion or exercise price (\$)	Value of unexercised in-the-money options (\$) <sup>(2)</sup>	Expiry Date
Greg Hall <i>Director</i>	Stock options	200,000 Common Shares <sup>(1)</sup>	May 15, 2018	\$0.25	Nil	May 14, 2023
Andrew Thomson <i>Director</i>	Stock options	380,000 Common Shares	May 15, 2018	\$0.25	Nil	May 14, 2023
Jamie Levy <i>Director</i>	Stock options	120,000 Common Shares	May 15, 2018	\$0.25	Nil	May 14, 2023

Notes:

(1) All options granted to Mr. Hall are registered in Omaroo Pty Ltd. ATF Hall Family Trust.

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

The following Executive Compensation Table 6 provides information regarding the value vested or earned on incentive plan awards for each director during the year ended December 31, 2018.

**Executive Compensation Table 6 – Value Vested or Earned by Directors during the Financial Year  
Ended December 31, 2018.**

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

Notes:

(1) Calculated based on the closing price of the Common Shares on the TSX Venture Exchange at the vesting date less the exercise price of the vested Options multiple by the number of vested Options. The Options granted on May 15, 2018 granted to Andrew Thomson, Gregory C. Hall and Jamie Levy, among others, vest immediately. The exercise price is \$0.25 and the closing price of the Common Shares on the TSX Venture Exchange on May 15, 2018 was \$0.245.

### ***Exercise of Compensation Securities by Directors and NEOs***

There were no compensation securities exercised by a director or NEO during the financial year ended December 31, 2018.

### ***Stock Option Plans and Other Incentive Plans***

The Company's stock Option Plan is the Company's only securities-based compensation plan. It was adopted on November 29, 2013, and was last approved by the Shareholders on June 28, 2018.

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 Company by (i) providing certain employees, officers, directors or consultants of the Company (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 Company; (iv) encouraging the Optionees to remain with the Company; and (v) attracting new employees, officers, directors and consultants to the Company.

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 Company'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 Company 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 the Option is granted to the Optionee and the Options shall vest on the date of the grant, except that options issued to persons employed in Investor Relations Activities (as defined under TSX-V Policy) 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.

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.

A copy of the Option Plan will be available for inspection at the Meeting. A Shareholder may also obtain a copy of the Option Plan by contacting the Company care of Suite 1080, 789 West Pender Street, Vancouver, British Columbia V6C 1H2.

**Other Provisions**

The Option Plan contains provisions governing the acceleration of the vesting of options in the event of a change of control of the Company or in the event of a take-over proposal.

As at the financial year end of December 31, 2018, there were an aggregate of 1,752,000 Stock Options outstanding and as at the date of this Circular, there were an aggregate of 1,752,000 Stock Options issued and outstanding. During the financial year ending December 31, 2018, a total of 146,875 Stock Options previously granted to directors and NEOs expired on April 30, 2018.

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

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as of the financial year ended **December 31, 2018**:

<b>Equity Compensation Plan Information</b>			
<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</b>
Equity compensation plans approved by Securityholders	1,752,000 options	\$0.25 options	436,081 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>1,752,000</b>	<b>\$0.25</b>	<b>436,081<sup>(1)</sup></b>

Notes:

<sup>(1)</sup> Represents the number of common shares available under the Stock Option Plan, which reserves a number of common shares for issuance, pursuant to the exercise of stock options, that is equal to 10% of the issued and outstanding common shares from time to time. As of December 31, 2018, the Company had 21,880,818 Common Shares issued and outstanding.

**Oversight and description of director and named executive officer compensation**

Compensation of Directors

The Board has established a compensation committee (the “**Compensation Committee**”) comprised of Gregory Hall (Chair), Andrew Thomson and Dr. Antony Harwood. The role of the Compensation Committee is, among other things, to: (i) review and make recommendations to the Board at least

annually regarding the Company'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 Company'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 Company; (iv) review and approve at least annually all compensation arrangements with the directors of the Company; and (v) review the executive compensation sections disclosed in the Company's management proxy circular distributed to the Shareholders in respect of the Company's annual meetings of Shareholders.

The Board determines the level of compensation for directors based on recommendations from the Compensation Committee. The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

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 Company. 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.

#### Compensation of NEOs

Compensation of NEOs is reviewed annually and determined by the Board as a whole. The level of compensation for NEOs is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. In the Board's view, there is, and has been, no need for the Company to design or implement a formal compensation program for NEOs.

#### Elements of NEO Compensation

As discussed above, the Company's Option Plan is designed to motivate NEOs by providing them with the opportunity, through stock options, to acquire an interest in the Company and benefit from the Company's growth. The Board does not employ a prescribed methodology when determining the grant or allocation of stock options to NEOs. Other than the Option Plan, the Company does not offer any long-term incentive plans, share compensation plans, retirement plans, pension plans, or any other such benefit programs for NEOs.

#### Pension disclosure

The Company does not have any pension, defined benefit, defined contribution or deferred compensation plans currently in place or proposed at this time.

## SECTION 5 - AUDIT COMMITTEE

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National Instrument 52-110 *Audit Committees* (“**NI 52-110**”) requires the Company, as a venture issuer to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth in the following:

### **AUDIT COMMITTEE CHARTER**

The text of the Company’s Audit Committee Charter is attached hereto as Schedule “A” to this Information Circular.

### **COMPOSITION OF AUDIT COMMITTEE**

NI 52-110 provides that a member of an audit committee is "independent" if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The current members of the Audit Committee are Andrew Thomson (Chair), Greg Hall and Antony Harwood.

Dr. Harwood is an executive officer being President and CEO of the Company and is not considered independent. Messrs. Hall and Thomson are not executive officers of the Company and; therefore, are independent members of the Audit Committee.

All members of the audit committee are considered to be financially literate. All of the Audit Committee members have the ability to read and understand financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

### **RELEVANT EDUCATION AND EXPERIENCE**

All of the Audit Committee members are senior-level businesspeople with experience in financial matters; each has an understanding of accounting principles used by the Company to prepare financial statements and varied experience as to general application of such accounting principles, as well as the internal controls and procedures necessary for financial reporting, garnered from working in their individual fields of endeavour.

Each member also has an understanding of the mineral exploration and mining business in which the Company is engaged and has an appreciation of the financial issues and accounting principles that are relevant in assessing the Company’s financial disclosures and internal control systems.

In addition, each of the members of the Audit Committee have knowledge of the role of an audit committee in the realm of reporting companies from their years of experience as directors or officers of public companies other than the Company. See “*Section 6 - Corporate Governance – Directorships in Other Public Companies*” for more information about the public company experience of the members of the Company’s audit committee.

*Andrew Thomson (Chair)*

Mr. Thomson currently serves on the audit committees of two additional TSX Venture listed mineral exploration companies, once of which he acts as the chairman of the audit committee.

*Greg Hall*

Mr. Hall currently serves on several board of TSX listed and Australian listed exploration and development companies and has over 35 years of experience in the international exploration environment.

*Antony Harwood*

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

#### **AUDIT COMMITTEE OVERSIGHT**

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

#### **RELIANCE ON CERTAIN EXEMPTIONS**

At no time since the commencement of the Company's most recently completed financial year ended **December 31, 2018**, has the Company relied on the exemption in Section 2.4 of NI 52-110 - *Audit Committees (De Minimis Non-audit Services)*, or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

As the Company is considered a "venture issuer" pursuant to relevant securities legislation, the Company is relying on the exemption in Section 6.1 of NI 52-110, from the requirement of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

#### **PRE-APPROVAL POLICIES AND PROCEDURES FOR NON-AUDIT SERVICES**

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in the Company's Audit Committee Charter attached as Schedule "A" to this Information Circular.

#### **EXTERNAL AUDITOR SERVICE FEES**

In the following table, "Audit Fees" are fees billed by the Company's external auditors for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related Fees" are fees not included in audit fees that are billed by the auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax Fees" are billed by the auditors for professional services rendered for tax compliance, tax advice and tax planning. "All Other Fees" are fees billed by the auditors for products and services not included in the foregoing categories.

The fees paid by the Company to its auditors in each of the last two financial years, by category, are as follows:

<i>Auditor</i>	<i>Financial Year Ending December 31</i>	<i>Audit Fees<sup>(1)</sup></i>	<i>Audit-related Fees<sup>(2)</sup></i>	<i>Tax Fees<sup>(3)</sup></i>	<i>All Other Fees<sup>(4)</sup></i>
Dale Matheson Carr-Hilton LaBonte LLP <sup>(5)</sup>	2018	\$12,750	Nil	Nil	Nil
	2017	\$12,500	Nil	Nil	Nil

**NOTES:**

- (1) The aggregate audit fees billed.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements that are not included under the heading "Audit Fees".
- (3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees".

## **SECTION 6 - CORPORATE GOVERNANCE**

### **GENERAL**

National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**") provides guidelines on corporate governance disclosure for venture issuers as set out in Form 58-101F2 and requires full and complete annual disclosure of a listed company's systems of corporate governance with reference to National Policy 58-201 – *Corporate Governance Guidelines* (the "**Guidelines**"). Where a company's corporate governance system differs from the Guidelines, each difference and the reason for the difference is required to be disclosed. The Company's approach to corporate governance is provided below.

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices that are both in the interest of its Shareholders and contribute to effective and efficient decision making. National Policy 58-201 - *Corporate Governance Guidelines* establishes corporate governance guidelines that apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines; however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. NI 58-101 mandates disclosure of corporate governance practices for venture issuers in Form 58-101F2, which disclosure is set out below.

### **COMPOSITION OF THE BOARD OF DIRECTORS**

All of the proposed nominees for election as a director at the Meeting are current directors of the Company. Form 58-101F1 suggests that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "independent" directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect "material relationship" with the Company. "Material relationship" is defined as a relationship that could, in the view of the company's board of directors, be reasonably expected to interfere with the exercise of a director's independent judgment.

Of the proposed nominees, Antony Harwood, who also serves the Company as President and CEO, is an "inside" or management director and, as such, is considered not to be "independent". Greg Hall, Jamie Levy and Andrew Thomson are considered by the Board to be "independent", within the meaning of NI

52-110. In assessing Form 58-101F2 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors. It is the objective of the Company to continue to have a majority of independent Board members and enhance the quality of the Company's corporate governance.

The Company does not currently have a Chair of the Board and, given the current size of the Board, does not consider that a Chair is necessary. The independent directors exercise their responsibilities for independent oversight of management, and are provided with leadership through their positions on the Board. The Board will give consideration to appointing an "independent" member as Chair at such time as it believes that such a position is required.

Management was delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management through frequent meetings of the Board and by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its audit committee, the Board examines the effectiveness of the Company's internal control processes and management information systems.

#### **MANDATE OF THE BOARD**

The Board is elected by and accountable to the Shareholders of the Company. The mandate of the Board is to continually govern the Company and to protect and enhance the assets of the Company in the long-term best interests of the Shareholders. The Board will annually assess and approve a strategic plan which takes into account, among other things, the opportunities and the identification of the principal risks of the Company's business, and ensuring the implementation of appropriate systems to manage these risks.

#### **DIRECTORSHIPS IN OTHER PUBLIC COMPANIES**

The board nominees are also 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)<sup>(1)</sup></b>	
Antony Harwood	Tesoro Minerals Corp. East Africa Metals Inc.	TSX-V TSX-V
Greg Hall	China Gold International Resources Corp. Ltd. Great Boulder Resources Limited Dateline Resources Limited Zeus Resources Ltd.	TSX ASX ASX ASX
Andrew Thomson	Palamina Corp. Gossan Resources Ltd.	TSX-V TSX-V
Jamie Levy	Golden Tag Resources Ltd. General Mining Limited	TSX-V CSE

Notes:

<sup>(1)</sup> Information not being within our knowledge has been furnished by the respective person or has been obtained from insider reports filed by respective person and available through the Internet at the Canadian System for Electronic Disclosure by Insiders ([www.sedi.ca](http://www.sedi.ca)).

## **ORIENTATION AND CONTINUING EDUCATION**

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing company policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current level of operations. However, if the growth of the Company's operations requires a formal orientation process, such a process will be implemented.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies. Board members are encouraged to communicate with management, auditors and technical consultants to keep themselves current with industry trends and developments and changes in legislation, with management's assistance. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" for a description of the current principal occupations of the members of the Company's Board.

## **ETHICAL BUSINESS CONDUCT**

The Board has determined that the fiduciary duties placed on individual directors by the Company's governing corporate legislation, 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 are sufficient to ensure that the Board operates independently of management and in the best interests of the Company. Furthermore, the Board promotes fair dealing with all its stakeholders and requires compliance with the laws of each jurisdiction in which the Company operates.

The Board of Directors is also required to comply with the conflict of interest provisions of the *Business Corporations Act* (British Columbia) and relevant securities regulation in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director is required to declare the nature and extent of his interest and is not entitled to vote on any matter that is the subject of the conflict of interest.

## **NOMINATION OF DIRECTORS**

The Board as a whole determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the individual Board members, including both formal and informal discussions among Board members and the President and CEO. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. A proposed director's credentials are reviewed and discussed amongst the members of the Board prior to the proposed director's nomination.

The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions. The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an *ad hoc* basis.

## **COMPENSATION OF DIRECTORS AND CHIEF EXECUTIVE OFFICER**

The Company currently pays its non-employee directors an annual stipend of \$8,000 as remuneration for acting as directors; however, each director waived their 2018 entitlement to this stipend, opting to receive incentive stock options in lieu thereof. See “*Section 4 – Executive Compensation*” for a complete discussion on the options granted to directors during the financial year ended December 31, 2018.

The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current Board compensation arrangements adequately reflect the responsibilities and risks involved in being an effective director of the Company. The number of options to be granted to any director or officer is determined by the Board as a whole, thereby providing the independent directors with significant input into compensation decisions. Stock options to be granted to “management” directors are required, as a matter of board practice, to be reviewed and approved by the “non-management” directors. See “*Section 4 – Statement of Executive Compensation – Director and NEO Compensation*”.

## **COMMITTEES OF THE BOARD OF DIRECTORS**

The Company has three standing committees: the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. Please refer to “*Section 5 – Audit Committee*” for a full discussion on the Company’s audit committee.

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

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

The Nominating and Corporate Governance Committee seeks to achieve a balance of knowledge, experience and capability among the members of the Board. When considering candidates for director, the Nominating and Corporate Governance 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 Company does business and in the Company’s industry sectors or other industries relevant to the Company’s business; and
- Ability and willingness to commit adequate time to Board and committee matters and be responsive to the needs of the Company.

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 and Corporate Governance Committee will consider various potential candidates for director. Candidates may come to the attention of the Nominating and Corporate Governance Committee through current directors or management, stockholders or other persons. These candidates will be evaluated at regular or special meeting of the Nominating and Corporate Governance Committee, and may be considered at any point during the year.

### **Compensation**

The Compensation Committee is responsible for assisting the Company in determining compensation of senior management of the Company 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 (Chair), 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 Company.

The Compensation Committee is expected to annually review the goals and objectives of the Company's Chief Executive Officer for the upcoming year and to perform an appraisal of the Company's Chief Executive Officer's performance for the past year. The Compensation Committee will also administer and make recommendations regarding the operation of the Company's incentive plans. For more information about the Compensation Committee's responsibilities and the Company's compensation determination process, see "*Section 4 – Executive Compensation - Oversight and Description of Director and Named Executive Officer Compensation*".

### **ASSESSMENTS**

The Board, the Audit Committee, the Nominating and Corporate Governance Committee, the Compensation Committee and the 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.

## **SECTION 7 - OTHER INFORMATION**

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

Since the beginning of the most recently completed financial year ended December 31, 2018, and as at the date of this Information Circular, no director, executive officer or employee or former director, executive officer or employee of the Company, nor any nominee for election as a director of the Company, nor any associate of any such person, was indebted to the Company for other than "routine indebtedness", as that term is defined by applicable securities legislation; nor was any indebtedness to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

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

Other than as set forth in this Information Circular, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, ended December 31, 2018, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors.

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

Applicable securities legislation defines "*informed person*" to mean any of the following: (a) a director or executive officer of a reporting issuer; (b) a director or officer of a person or company that is itself an informed person or subsidiary of a reporting issuer; (c) any person or company who beneficially

owns, directly or indirectly, voting securities of a reporting issuer or who exercises control or direction over voting securities of a reporting issuer or a combination of both carrying more than 10% of the voting rights attached to all outstanding voting securities of the reporting issuer other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) a reporting issuer that has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities except as otherwise disclosed herein, no informed persons had (or has) any interest in any transaction with the Company since the commencement of our most recently completed financial year ended December 31, 2018, or in any proposed transaction, that has materially affected the Company or is likely to do so.

As a subscriber to the Private Placement which closed on April 27, 2018, Dr. Antony Harwood, President, CEO and a director of the Company, acquired indirectly 125,808 units of the Company at a price of \$0.24 per Unit. As a subscriber to the Private Placement which closed on April 27, 2018, Sheri Rempel, Interim CFO and Corporate Secretary, acquired indirectly 7,906 units of the Company at a price of \$0.24 per Unit.

Each unit (a “Unit”) consisted of one (1) Common Share and one (1) common share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one (1) Common Share at a price of \$0.32 per Common Share until the date which is eighteen (18) months following the closing date. The Warrants are subject to an acceleration provision whereby if the closing price of the Common Shares on the TSX-V closes at a minimum of \$0.32 per share for a period of ten (10) consecutive trading days, the Company may, at its option, accelerate the expiry date of the Warrants to the date which is 30 days following the date upon which notice of the accelerated expiry date is provided by the Company to the holders of Warrants.

#### **MANAGEMENT CONTRACTS**

Except as disclosed under “Section 4 – Executive Compensation”, the Company has no management agreements or arrangements under which the management functions of the Company are performed other than by the Company’s directors and executive officers.

#### **ADDITIONAL INFORMATION**

Financial information about the Company is included in the Company’s financial statements and Management’s Discussion and Analysis for the financial year ended December 31, 2018, which have been electronically filed with regulators and are available through the Internet on the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com). Copies may be obtained without charge upon request to the Company at Suite 1518, 800 West Pender Street, Vancouver, British Columbia V6C 2V6. You may also access the Company’s public disclosure documents through the Internet on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **DIRECTOR APPROVAL**

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

**Dated** at Vancouver, British Columbia, this 6<sup>th</sup> day of May, 2019.

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

Signed: “Antony Harwood”

Dr. Antony Harwood  
President and Chief Executive Officer

## **SCHEDULE "A"**

### **MONTERO MINING AND EXPLORATION LTD. (the "Company")**

#### **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

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. Meet independently with the external auditor and management in separate executive sessions, as necessary or appropriate.
7. 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**

1. Consider, in consultation with the external auditor, the audit scope and plan of the external auditor.
2. 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.
3. 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.
4. 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 serviced performed by the auditor.

### **Internal Controls and Audit**

1. 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.
2. Assess the requirement for the appointment of an internal auditor for the Company.
3. 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.

**SCHEDULE "B"**

**MONTERO MINING AND EXPLORATION LTD.  
(the "Company")**

**PROPOSED NEW ARTICLES**

**ARTICLES**

1.	INTERPRETATION .....	2
2.	SHARES AND SHARE CERTIFICATES.....	2
3.	ISSUE OF SHARES .....	4
4.	SHARE REGISTERS .....	5
5.	SHARE TRANSFERS .....	5
6.	TRANSMISSION OF SHARES .....	6
7.	PURCHASE OF SHARES .....	6
8.	BORROWING POWERS .....	7
9.	ALTERATIONS.....	7
10.	MEETINGS OF SHAREHOLDERS.....	9
11.	PROCEEDINGS AT MEETINGS OF SHAREHOLDERS .....	10
12.	VOTES OF SHAREHOLDERS .....	14
13.	DIRECTORS .....	17
14.	ELECTION AND REMOVAL OF DIRECTORS .....	19
15.	ALTERNATE DIRECTORS .....	23
16.	POWERS AND DUTIES OF DIRECTORS .....	24
17.	DISCLOSURE OF INTEREST OF DIRECTORS .....	25
18.	PROCEEDINGS OF DIRECTORS .....	26
19.	EXECUTIVE AND OTHER COMMITTEES .....	28
20.	OFFICERS .....	29
21.	INDEMNIFICATION.....	30
22.	DIVIDENDS .....	31
23.	DOCUMENTS, RECORDS AND REPORTS.....	33
24.	NOTICES .....	33
25.	SEAL.....	34
26.	PROHIBITIONS .....	35
27.	CHANGE OF REGISTERED AND RECORDS OFFICE .....	36

## **1. INTERPRETATION**

### **1.1 DEFINITIONS**

In these Articles, unless the context otherwise requires:

- (1) “board of directors”, “directors” and “board” mean the directors or sole director of the Company for the time being;
- (2) “Business Corporations Act” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) “legal personal representative” means the personal or other legal representative of a shareholder;
- (4) “registered address” of a shareholder means the shareholder’s address as recorded in the central securities register; and
- (5) “seal” means the seal of the Company, if any.

### **1.2 BUSINESS CORPORATIONS ACT AND INTERPRETATION ACT DEFINITIONS APPLICABLE**

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the Interpretation Act, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

## **2. SHARES AND SHARE CERTIFICATES**

### **2.1 AUTHORIZED SHARE STRUCTURE**

The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

### **2.2 FORM OF SHARE CERTIFICATE**

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

### **2.3 SHAREHOLDER ENTITLED TO CERTIFICATE OR ACKNOWLEDGMENT**

Unless the shares of which the shareholder is the registered owner are uncertificated shares, each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder’s name or (b) a non-transferable written acknowledgment of the shareholder’s right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate acknowledgement and delivery of a share certificate or acknowledgement for a share to one of several joint shareholders or to one of the shareholders’ duly authorized agents will be sufficient delivery to all.

#### **2.4 DELIVERY BY MAIL**

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

#### **2.5 REPLACEMENT OF WORN OUT OR DEFACED CERTIFICATE OR ACKNOWLEDGEMENT**

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

#### **2.6 REPLACEMENT OF LOST, STOLEN OR DESTROYED CERTIFICATE OR ACKNOWLEDGMENT**

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

#### **2.7 SPLITTING SHARE CERTIFICATES**

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

#### **2.8 CERTIFICATE FEE**

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

#### **2.9 RECOGNITION OF TRUSTS**

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

#### **2.10 CERTIFICATES MAY BE UNCERTIFICATED**

Notwithstanding any other provisions of this Part, the directors may, by resolution, provide that:

- (a) The shares of any or all of the classes and series of the Company's shares may be uncertificated shares; or
- (b) Any specified shares may be uncertificated shares.

#### **2.11 DIRECT REGISTRATION SYSTEM**

Share certificates may be held in "book-entry" form under the direct registration system and such shares may be transferred electronically.

### **3. ISSUE OF SHARES**

#### **3.1 DIRECTORS AUTHORIZED**

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may issue, allot, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

#### **3.2 COMMISSIONS AND DISCOUNTS**

The Company may, at any time, pay a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

#### **3.3 BROKERAGE**

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

#### **3.4 CONDITIONS OF ISSUE**

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
  - (a) past services performed for the Company;
  - (b) property;
  - (c) money; and
- (2) the directors in their discretion have determined that the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

#### **3.5 SHARE PURCHASE WARRANTS AND RIGHTS**

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

## **4. SHARE REGISTERS**

### **4.1 CENTRAL SECURITIES REGISTER**

As required by and subject to the *Business Corporations Act*, the Company must maintain in British Columbia a central securities register. The directors may, subject to the *Business Corporations Act*, appoint an agent to maintain the central securities register. The directors may also appoint one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

### **4.2 CLOSING REGISTER**

The Company must not at any time close its central securities register.

## **5. SHARE TRANSFERS**

### **5.1 REGISTERING TRANSFERS**

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

For the purpose of this Article, delivery or surrender to the agent that maintains the Company's central securities register or a branch securities register, if applicable, will constitute receipt by or surrender to the Company.

### **5.2 FORM OF INSTRUMENT OF TRANSFER**

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

### **5.3 TRANSFEROR REMAINS SHAREHOLDER**

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

### **5.4 SIGNING OF INSTRUMENT OF TRANSFER**

If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

#### **5.5 ENQUIRY AS TO TITLE NOT REQUIRED**

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

#### **5.6 TRANSFER FEE**

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

### **6. TRANSMISSION OF SHARES**

#### **6.1 LEGAL PERSONAL REPRESENTATIVE RECOGNIZED ON DEATH**

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

#### **6.2 RIGHTS OF LEGAL PERSONAL REPRESENTATIVE**

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

### **7. PURCHASE OF SHARES**

#### **7.1 COMPANY AUTHORIZED TO PURCHASE SHARES**

Subject to Article 7.2, the special rights or restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company may, if authorized by the directors, purchase, redeem or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

#### **7.2 PURCHASE WHEN INSOLVENT**

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

### **7.3 SALE AND VOTING OF PURCHASED SHARES**

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

## **8. BORROWING POWERS**

### **8.1 POWER TO BORROW AND ISSUE DEBT OBLIGATIONS**

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

### **8.2 FEATURES OF DEBT OBLIGATIONS**

Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, or with special privileges as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at general meetings of the Company, appointment of directors or otherwise and may, by their terms, be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

## **9. ALTERATIONS**

### **9.1 ALTERATION OF AUTHORIZED SHARE STRUCTURE**

Subject to Article 9.2 and the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case determined by the directors:
  - (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
  - (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the

Company is authorized to issue out of any class or series of shares for which no maximum is established;

- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
  - A. decrease the par value of those shares; or
  - B. if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure

## **9.2 SPECIAL RIGHTS OR RESTRICTIONS**

Subject to the *Business Corporations Act*, the Company may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, if none of those shares have been issued; or vary or delete any special rights or restrictions attached to the shares of any class or series of shares, if none of those shares have been issued
- (2) by special resolution of the shareholders of the class or series affected, do any of the acts in (1) above, if any of the shares of the class or series of shares have been issued.

## **9.3 CHANGE OF NAME**

The Company may by directors' resolution, authorize an alteration of its Notice of Articles in order to change its name.

## **9.4 OTHER ALTERATIONS**

The Company, except as otherwise provided by these Articles and subject to the *Business Corporations Act*, may:

- (1) by directors' resolution or by ordinary resolution, in each case as determined by the directors, authorize alterations to the Articles that are procedural or administrative in nature or are matters that pursuant to these Articles are solely within the directors' powers, control or authority; and
- (2) if the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

## **10. MEETINGS OF SHAREHOLDERS**

### **10.1 ANNUAL GENERAL MEETINGS**

Unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

### **10.2 RESOLUTION INSTEAD OF ANNUAL GENERAL MEETING**

If all the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

### **10.3 CALLING OF MEETINGS OF SHAREHOLDERS**

The directors may, whenever they think fit, call a meeting of shareholders.

### **10.4 PLACE OF MEETINGS OF SHAREHOLDERS**

Meetings of shareholders may be held at a location outside of British Columbia to be determined and approved by a directors' resolution.

### **10.5 MEETINGS BY TELEPHONE OR OTHER ELECTRONIC MEANS**

A meeting of the Company's shareholders may be held entirely or in part by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if approved by directors' resolution prior to the meeting and subject to the *Business Corporations Act*. Any person participating in a meeting by such means is deemed to be present at the meeting.

### **10.6 NOTICE FOR MEETINGS OF SHAREHOLDERS**

Subject to Article 10.2, the Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by directors' resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

### **10.7 RECORD DATE FOR NOTICE**

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business*

*Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.8 RECORD DATE FOR VOTING**

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

#### **10.9 FAILURE TO GIVE NOTICE AND WAIVER OF NOTICE**

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

#### **10.10 NOTICE OF SPECIAL BUSINESS AT MEETINGS OF SHAREHOLDERS**

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document:
  - (a) will be available for inspection by shareholders at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice during statutory business hours on any one or more specified days before the day set for the holding of the meeting; and
  - (b) may be available by request from the Company or may be accessible electronically or on a website, as determined by the directors.

### **11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS**

#### **11.1 SPECIAL BUSINESS**

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;

- (2) at an annual general meeting, all business is special business except for the following:
- (a) business relating to the conduct of or voting at the meeting;
  - (b) consideration of any financial statements of the Company presented to the meeting;
  - (c) consideration of any reports of the directors or auditor;
  - (d) the setting or changing of the number of directors;
  - (e) the election or appointment of directors;
  - (f) the appointment of an auditor;
  - (g) the setting of the remuneration of an auditor;
  - (h) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;
  - (i) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

#### **11.2 SPECIAL MAJORITY**

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

#### **11.3 QUORUM**

Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a meeting of shareholders is one or more persons present and being, or representing by proxy, two or more shareholders entitled to attend and vote at the meeting.

#### **11.4 ONE SHAREHOLDER MAY CONSTITUTE QUORUM**

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) The quorum is one person who is, or who represents by proxy, that shareholder; and
- (2) That shareholder, present in person or by proxy, may constitute the meeting.

#### **11.5 OTHER PERSONS MAY ATTEND**

The directors, the president (if any), the corporate secretary (if any), the assistant corporate secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

#### **11.6 REQUIREMENT OF QUORUM**

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

#### **11.7 LACK OF QUORUM**

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

#### **11.8 LACK OF QUORUM AT SUCCEEDING MEETING**

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

#### **11.9 CHAIR**

The following individual is entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any, the corporate secretary, if any, or any director of the Company.

#### **11.10 SELECTION OF ALTERNATE CHAIR**

If, at any meeting of shareholders, there is no chair of the board, chief executive officer, president, or vice-president or director present within 15 minutes after the time set for holding the meeting, or if the chair of the board, the chief executive officer, president and all vice-presidents and all directors are unwilling to act as chair of the meeting, or if the chair of the board, the chief executive officer, the president, and all vice-presidents and directors have advised the corporate secretary, if any, or the solicitor for the Company, that they will not be present at the meeting, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

#### **11.11 ADJOURNMENTS**

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **11.12 NOTICE OF ADJOURNED MEETING**

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

#### **11.13 DECISIONS BY SHOW OF HANDS OR POLL**

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

#### **11.14 DECLARATION OF RESULT**

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

#### **11.15 MOTION NEED NOT BE SECONDED**

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

#### **11.16 CASTING VOTE**

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

#### **11.17 MANNER OF TAKING POLL**

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
  - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
  - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

#### **11.18 DEMAND FOR POLL ON ADJOURNMENT**

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

#### **11.19 CHAIR MUST RESOLVE DISPUTE**

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

### **11.20 CASTING OF VOTES**

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

### **11.21 DEMAND FOR POLL**

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

### **11.22 DEMAND FOR POLL NOT TO PREVENT CONTINUANCE OF MEETING**

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

### **11.23 RETENTION OF BALLOTS AND PROXIES**

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

## **12. VOTES OF SHAREHOLDERS**

### **12.1 NUMBER OF VOTES BY SHAREHOLDER OR BY SHARES**

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

### **12.2 VOTES OF PERSONS IN REPRESENTATIVE CAPACITY**

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

### **12.3 VOTES BY JOINT HOLDERS**

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

#### **12.4 LEGAL PERSONAL REPRESENTATIVES AS JOINT SHAREHOLDERS**

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

#### **12.5 REPRESENTATIVE OF A CORPORATE SHAREHOLDER**

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
  - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
  - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 12.5:
  - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and
  - (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

#### **12.6 PROXY PROVISIONS DO NOT APPLY TO ALL COMPANIES**

Articles 12.7 to 12.15 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

#### **12.7 APPOINTMENT OF PROXY HOLDERS**

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint up to two proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

#### **12.8 ALTERNATE PROXY HOLDERS**

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

**12.9 PROXY HOLDER NEED NOT BE SHAREHOLDER**

- (1) A person who is not a shareholder may be appointed as a proxy holder.

**12.10 DEPOSIT OF PROXY**

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

**12.11 VALIDITY OF PROXY VOTE**

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) by the chair of the meeting, before the vote is taken.

**12.12 FORM OF PROXY**

A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[Name of Company]  
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the shareholder):

\_\_\_\_\_

\_\_\_\_\_  
Signed [month, day, year]

\_\_\_\_\_  
[Signature of Shareholder]

\_\_\_\_\_  
[Name of Shareholder – printed]

### **12.13 REVOCATION OF PROXY**

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) provided, at the meeting, to the chair of the meeting.

### **12.14 REVOCATION OF PROXY MUST BE SIGNED**

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

### **12.15 PRODUCTION OF EVIDENCE OF AUTHORITY TO VOTE**

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

## **13. DIRECTORS**

### **13.1 FIRST DIRECTORS; NUMBER OF DIRECTORS**

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) Subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors.
- (2) if the Company is a public company, the greater of three and the most recently set of:
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
  - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
  - (b) the number of directors set under Article 14.4.

### **13.2 CHANGE IN NUMBER OF DIRECTORS**

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

### **13.3 DIRECTORS' ACTS VALID DESPITE VACANCY**

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

### **13.4 QUALIFICATIONS OF DIRECTORS**

A director is not required to hold a share in the capital of the Company as qualification for his or her office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

### **13.5 REMUNERATION OF DIRECTORS**

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

### **13.6 REIMBURSEMENT OF EXPENSES OF DIRECTORS**

The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

### **13.7 SPECIAL REMUNERATION FOR DIRECTORS**

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, he or she may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that he or she may be entitled to receive.

### **13.8 GRATUITY, PENSION OR ALLOWANCE ON RETIREMENT OF DIRECTOR**

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

## **14. ELECTION AND REMOVAL OF DIRECTORS**

### **14.1 ELECTION AT ANNUAL GENERAL MEETING**

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

### **14.2 CONSENT TO BE A DIRECTOR**

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director;
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

### **14.3 FAILURE TO ELECT OR APPOINT DIRECTORS**

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which his or her successor is elected or appointed; and
- (4) the date on which he or she otherwise ceases to hold office under the *Business Corporations Act* or these Articles.

### **14.4 PLACES OF RETIRING DIRECTORS NOT FILLED**

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles,

the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

#### **14.5 DIRECTORS MAY FILL CASUAL VACANCIES**

Any casual vacancy occurring in the board of directors may be filled by the directors.

#### **14.6 REMAINING DIRECTORS POWER TO ACT**

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

#### **14.7 SHAREHOLDERS MAY FILL VACANCIES**

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

#### **14.8 ADDITIONAL DIRECTORS**

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

#### **14.9 CEASING TO BE A DIRECTOR**

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

#### **14.10 REMOVAL OF DIRECTOR BY SHAREHOLDERS**

The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

#### 14.11 REMOVAL OF DIRECTOR BY DIRECTORS

The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

#### 14.12 ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

- (1) Subject only to the *Business Corporations Act* and these Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (a) by or at the direction of the board of directors, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a “proposal” made in accordance with Division 7 of Part 5 of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with section 167 of the *Business Corporations Act*; or
  - (c) by any shareholder of the Company (a “**Nominating Shareholder**”): (A) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 14.2 and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 14.12.
- (2) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the Corporate Secretary of the Company at the head office of the Company.
- (3) To be timely, a Nominating Shareholder’s notice must be received by the Corporate Secretary of the Company:
  - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be received not later than the close of business on the 10th day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Nominating Shareholder’s notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

- (4) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company must set forth:
- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the present principal occupation, business or employment of the person within the preceding five years, as well as the name and principal business of any company in which such employment is carried on; (C) the citizenship of such person; (D) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (E) confirmation that the person meets the qualifications of directors set out in the *Business Corporations Act*; and (F) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and
  - (b) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).

The Nominating Shareholder's notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (5) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.2; provided, however, that nothing in this Article 14.2 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (6) For purposes of this Policy:
- (a) "**Applicable Securities Laws**" means the applicable securities legislation of each province and territory of Canada in which the Company is a reporting issuer, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada; and
  - (b) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

- (7) Notwithstanding any other provision of this Article 14.2, notice given to the Corporate Secretary of the Company pursuant to this Article 14.2 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Corporate Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the head office of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- (8) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 14.2.

## **15. ALTERNATE DIRECTORS**

### **15.1 APPOINTMENT OF ALTERNATE DIRECTOR**

Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

### **15.2 NOTICE OF MEETINGS**

Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

### **15.3 ALTERNATE FOR MORE THAN ONE DIRECTOR ATTENDING MEETINGS**

A person may be appointed as an alternate director by more than one director, and an alternate director:

- (1) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (2) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (3) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, once more in that capacity;
- (4) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

#### **15.4 CONSENT RESOLUTIONS**

Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

#### **15.5 ALTERNATE DIRECTOR NOT AN AGENT**

Every alternate director is deemed not to be the agent of his or her appointor.

#### **15.6 REVOCATION OF APPOINTMENT OF ALTERNATE DIRECTOR**

An appointor may at any time, by notice in writing received by the Company, revoke the appointment of an alternate director appointed by him or her.

#### **15.7 CEASING TO BE AN ALTERNATE DIRECTOR**

The appointment of an alternate director ceases when:

- (1) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (2) the alternate director dies;
- (3) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (4) the alternate director ceases to be qualified to act as a director; or
- (5) his or her appointor revokes the appointment of the alternate director.

#### **15.8 REMUNERATION AND EXPENSES OF ALTERNATE DIRECTOR**

The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

### **16. POWERS AND DUTIES OF DIRECTORS**

#### **16.1 POWERS OF MANAGEMENT**

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

#### **16.2 APPOINTMENT OF ATTORNEY OF COMPANY**

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors

may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

## **17. DISCLOSURE OF INTEREST OF DIRECTORS**

### **17.1 OBLIGATION TO ACCOUNT FOR PROFITS**

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

### **17.2 RESTRICTIONS ON VOTING BY REASON OF INTEREST**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

### **17.3 INTERESTED DIRECTOR COUNTED IN QUORUM**

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

### **17.4 DISCLOSURE OF CONFLICT OF INTEREST OR PROPERTY**

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

### **17.5 DIRECTOR HOLDING OTHER OFFICE IN THE COMPANY**

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

### **17.6 NO DISQUALIFICATION**

No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

### **17.7 PROFESSIONAL SERVICES BY DIRECTOR OR OFFICER**

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or

officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

#### **17.8 DIRECTOR OR OFFICER IN OTHER CORPORATIONS**

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

### **18. PROCEEDINGS OF DIRECTORS**

#### **18.1 MEETINGS OF DIRECTORS**

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

#### **18.2 VOTING AT MEETINGS**

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

#### **18.3 CHAIR OF MEETINGS**

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) if there is no chair of the board or in the absence of the chair of the board, the chief executive officer, if any, if the chief executive officer is a director;
- (3) if there is no chief executive officer or in the absence of the chief executive officer, the president, if any, if the president is a director; or
- (4) any other director chosen by the directors (as such manner as they may determine) if:
  - (a) neither the chair of the board, if any, the chief executive officer, if any and if a director, the president if any and if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
  - (b) neither the chair of the board, if any, the chief executive officer, if any and if a director, the president, if any and if a director, is willing to chair the meeting; or
  - (c) the chair of the board, if any, the chief executive officer, if any and if a director, the president, if any and if a director, have advised the corporate secretary, if any, and any other director, or the solicitor for the Company, that they will not be present at the meeting.

#### **18.4 MEETINGS BY TELEPHONE OR OTHER COMMUNICATIONS MEDIUM**

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications

medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 18.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

#### **18.5 CALLING OF MEETINGS**

A director may, and the corporate secretary or an assistant corporate secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

#### **18.6 NOTICE OF MEETINGS**

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 18.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors and the alternate directors by any method set out in Article 24.1 or orally or by telephone.

#### **18.7 WHEN NOTICE NOT REQUIRED**

It is not necessary to give notice of a meeting of the directors to a director or an alternate director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director or alternate director, as the case may be, has waived notice of the meeting.

#### **18.8 MEETING VALID DESPITE FAILURE TO GIVE NOTICE**

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director or alternate director, does not invalidate any proceedings at that meeting.

#### **18.9 WAIVER OF NOTICE OF MEETINGS**

Any director or alternate director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to that director and, unless the director otherwise requires by notice in writing to the Company, to his or her alternate director, and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director or alternate director.

#### **18.10 QUORUM**

The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be set at a majority of directors then in office or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

#### **18.11 VALIDITY OF ACTS WHERE APPOINTMENT DEFECTIVE**

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

## **18.12 CONSENT RESOLUTIONS IN WRITING**

A resolution of the directors or of any committee of the directors consented to in writing by all of the directors entitled to vote on it, whether by signed document, fax, email or any other method of transmitting legibly recorded messages, is as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors duly called and held. Such resolution may be in as many counterparts which together are deemed to constitute one resolution in writing. A resolution passed in that manner is effective on the date stated in the resolution or on the latest date stated on any counterpart. A resolution of the directors or of any committee of the directors passed in accordance with this Article 18.12 is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

## **19. EXECUTIVE AND OTHER COMMITTEES**

### **19.1 APPOINTMENT AND POWERS OF EXECUTIVE COMMITTEE**

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

### **19.2 APPOINTMENT AND POWERS OF OTHER COMMITTEES**

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
  - (a) the power to fill vacancies in the board of directors;
  - (b) the power to remove a director;
  - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
  - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

### **19.3 OBLIGATIONS OF COMMITTEES**

Any committee appointed under Articles 19.1 or 19.2, in the exercise of the powers delegated to it, must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

### **19.4 POWERS OF BOARD**

The directors may, at any time, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

### **19.5 COMMITTEE MEETINGS**

Subject to Article 19.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 19.1 or 19.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

## **20. OFFICERS**

### **20.1 DIRECTORS MAY APPOINT OFFICERS**

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

### **20.2 FUNCTIONS, DUTIES AND POWERS OF OFFICERS**

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and

- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

### **20.3 QUALIFICATIONS**

No officer may be appointed unless that officer is qualified in accordance with the *Business Corporations Act*. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as the managing director must be a director. Any other officer need not be a director.

### **20.4 REMUNERATION AND TERMS OF APPOINTMENT**

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

## **21. INDEMNIFICATION**

### **21.1 DEFINITIONS**

In this Article 21:

- (1) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (2) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director, former director or alternate director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director or alternate director of the Company:
- (a) is or may be joined as a party; or
  - (b) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (3) “expenses” has the meaning set out in the *Business Corporations Act*.

### **21.2 MANDATORY INDEMNIFICATION OF DIRECTORS AND FORMER DIRECTORS**

Subject to the *Business Corporations Act*, the Company must indemnify a director, former director or alternate director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director and alternate director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 21.2.

### **21.3 INDEMNIFICATION OF OTHER PERSONS**

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

#### **21.4 NON-COMPLIANCE WITH *BUSINESS CORPORATIONS ACT***

The failure of a director, alternate director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which he or she is entitled under this Part.

#### **21.5 COMPANY MAY PURCHASE INSURANCE**

The Company may purchase and maintain insurance for the benefit of any person (or his or her heirs or legal personal representatives) who:

- (1) is or was a director, alternate director, officer, employee or agent of the Company;
- (2) is or was a director, alternate director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, alternate director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;
- (4) at the request of the Company, holds or held a position equivalent to that of a director, alternate director or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by him or her as such director, alternate director, officer, employee or agent or person who holds or held such equivalent position.

## **22. DIVIDENDS**

#### **22.1 PAYMENT OF DIVIDENDS SUBJECT TO SPECIAL RIGHTS**

The provisions of this Article 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

#### **22.2 DECLARATION OF DIVIDENDS**

Subject to the *Business Corporations Act*, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

#### **22.3 NO NOTICE REQUIRED**

The directors need not give notice to any shareholder of any declaration under Article 22.2.

#### **22.4 RECORD DATE**

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5 p.m. on the date on which the directors pass the resolution declaring the dividend.

#### **22.5 MANNER OF PAYING DIVIDEND**

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

## **22.6 SETTLEMENT OF DIFFICULTIES**

If any difficulty arises in regard to a distribution under Article 22.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

## **22.7 WHEN DIVIDEND PAYABLE**

Any dividend may be made payable on such date as is fixed by the directors.

## **22.8 DIVIDENDS TO BE PAID IN ACCORDANCE WITH NUMBER OF SHARES**

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

## **22.9 RECEIPT BY JOINT SHAREHOLDERS**

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

## **22.10 DIVIDEND BEARS NO INTEREST**

No dividend bears interest against the Company.

## **22.11 FRACTIONAL DIVIDENDS**

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

## **22.12 PAYMENT OF DIVIDENDS**

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

## **22.13 CAPITALIZATION OF SURPLUS**

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

## **23. DOCUMENTS, RECORDS AND REPORTS**

### **23.1 RECORDING OF FINANCIAL AFFAIRS**

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

### **23.2 INSPECTION OF ACCOUNTING RECORDS**

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

## **24. NOTICES**

### **24.1 METHOD OF GIVING NOTICE**

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) mail addressed to the person at the applicable address for that person as follows:
  - (a) for a record mailed to a shareholder, the shareholder's registered address;
  - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
  - (a) for a record delivered to a shareholder, the shareholder's registered address;
  - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
  - (c) in any other case, the delivery address of the intended recipient;
- (3) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) physical delivery to the intended recipient.

## **24.2 DEEMED RECEIPT OF MAILING**

A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in Article 24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

## **24.3 CERTIFICATE OF SENDING**

A certificate signed by the corporate secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by Article 24.1, prepaid and mailed or otherwise sent as permitted by Article 24.1 is conclusive evidence of that fact.

## **24.4 NOTICE TO JOINT SHAREHOLDERS**

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

## **24.5 NOTICE TO TRUSTEES**

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
  - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
  - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

## **25. SEAL**

### **25.1 WHO MAY ATTEST SEAL**

Except as provided in Articles 25.2 and 25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

## **25.2 SEALING COPIES**

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 25.1, the impression of the seal may be attested by the signature of any director or officer.

## **25.3 MECHANICAL REPRODUCTION OF SEAL**

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the corporate secretary, treasurer, secretary-treasurer, an assistant corporate secretary, an assistant treasurer or an assistant corporate secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

## **26. PROHIBITIONS**

### **26.1 DEFINITIONS**

In this Article 26:

- (1) “designated security” means:
  - (a) a voting security of the Company;
  - (b) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or
  - (c) a security of the Company convertible, directly or indirectly into a security described in paragraph (a) or (b);
- (2) “security” has the meaning assigned in the *Securities Act* (British Columbia);
- (3) “voting security” mean a security of the Company that:
  - (a) is not a debt security;
  - (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

## **26.2 APPLICATION**

Article 26.3 does not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

## **26.3 CONSENT REQUIRED FOR TRANSFER OF SHARES OR DESIGNATED SECURITIES**

No share or designated security may be sold, transferred, or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

## **27. CHANGE OF REGISTERED AND RECORDS OFFICE**

The Company may appoint or change its registered and records offices, or either of them, and the agent responsible therefore, at any time by directors' resolution. After the appointment of the first registered and records office agent, such agent may terminate its appointment pursuant to the *Business Corporations Act*.

## SCHEDULE "C"

### MONTERO MINING AND EXPLORATION LTD. (the "Company")

#### ADVANCE NOTICE PROVISIONS

##### 14.12 ADVANCE NOTICE OF NOMINATIONS OF DIRECTORS

- (1) Subject only to the *Business Corporations Act* and these Articles, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Company. Nominations of persons for election to the board of directors may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors:
  - (a) by or at the direction of the board of directors, including pursuant to a notice of meeting;
  - (b) by or at the direction or request of one or more shareholders pursuant to a "proposal" made in accordance with Division 7 of Part 5 of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with section 167 of the *Business Corporations Act*; or
  - (c) by any shareholder of the Company (a "**Nominating Shareholder**"): (A) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Article 14.12 and at the close of business on the record date for notice of such meeting, is entered in the securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Article 14.12.
- (2) In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given notice thereof that is both timely (in accordance with paragraph 3 below) and in proper written form (in accordance with paragraph 4 below) to the Corporate Secretary of the Company at the head office of the Company.
- (3) To be timely, a Nominating Shareholder's notice must be received by the Corporate Secretary of the Company:
  - (a) in the case of an annual meeting of shareholders, not less than 30 nor more than 65 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be received not later than the close of business on the 10th day following the Notice Date; and
  - (b) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting of shareholders was made.

The time periods for the giving of a Nominating Shareholder's notice set forth above shall in all cases be determined based on the original date of the applicable annual meeting or special meeting of

shareholders, and in no event shall any adjournment or postponement of a meeting of shareholders or the announcement thereof commence a new time period for the giving of such notice.

- (4) To be in proper written form, a Nominating Shareholder's notice to the Corporate Secretary of the Company must set forth:
- (a) as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, business address and residential address of the person; (B) the present principal occupation, business or employment of the person within the preceding five years, as well as the name and principal business of any company in which such employment is carried on; (C) the citizenship of such person; (D) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (E) confirmation that the person meets the qualifications of directors set out in the *Business Corporations Act*; and (F) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below); and
  - (b) as to the Nominating Shareholder giving the notice, full particulars regarding any proxy, contract, agreement, arrangement or understanding pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined below).

The Nominating Shareholder's notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

- (5) No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Article 14.12; provided, however, that nothing in this Article 14.12 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter that is properly before such meeting pursuant to the provisions of the Act or the discretion of the Chairman. The Chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- (6) For purposes of this Policy:
- (a) "**Applicable Securities Laws**" means the applicable securities legislation of each province and territory of Canada in which the Company is a reporting issuer, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province and territory of Canada; and
  - (b) "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com).

- (7) Notwithstanding any other provision of this Article 14.12, notice given to the Corporate Secretary of the Company pursuant to this Article 14.12 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the Corporate Secretary of the Company for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Corporate Secretary at the address of the head office of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.
- (8) Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this Article 14.12.