

**PINECREST RESOURCES LTD.**

**Annual General Meeting  
to be held on May 30, 2019**

**Notice of Annual General Meeting  
and  
Information Circular**

**April 24, 2019**

**PINECREST RESOURCES LTD.**

Suite 413, 595 Burrard Street, P.O. Box 49167  
Vancouver, BC V7X 1J1

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Meeting**”) of the shareholders of Pinecrest Resources Ltd. (the “**Company**”) will be held at 10<sup>th</sup> Floor, 595 Howe Street, Vancouver, British Columbia on Thursday, May 30, 2019 at 9:00 a.m. At the Meeting, the shareholders will receive the financial statements for the year ended December 31, 2018, together with the auditor’s report thereon, and consider resolutions to:

1. elect directors for the ensuing year;
2. appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditor of the Company for the ensuing year and authorize the directors to determine the remuneration to be paid to the auditor; and
3. transact such other business as may properly be put before the Meeting.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. The Board of Directors (the “**Board**”) requests that all shareholders who will not be attending the Meeting in person read, date and sign the accompanying proxy and deliver it to Computershare Investor Services Inc. (“**Computershare**”). If a shareholder does not deliver a proxy to Computershare, Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by 9:00 a.m. (Vancouver, British Columbia time) on Tuesday, May 28, 2019 (or before 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the meeting at which the proxy is to be used) then the shareholder will not be entitled to vote at the Meeting by proxy. Only shareholders of record at the close of business on April 24, 2019 will be entitled to vote at the Meeting.

An information circular and a form of proxy accompany this notice.

DATED at Vancouver, British Columbia, the 24<sup>th</sup> day of April, 2019.

**ON BEHALF OF THE BOARD**

(signed) “*Ryan King*”

Ryan King  
Chief Executive Officer and President

## **PINECREST RESOURCES LTD.**

Suite 413, 595 Burrard Street, P.O. Box 49167  
Vancouver, BC V7X 1J1

### **INFORMATION CIRCULAR**

(as at April 24, 2019 except as otherwise indicated)

#### **SOLICITATION OF PROXIES**

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management (the “**Management**”) of Pinecrest Resources Ltd. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on Thursday, May 30, 2019 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail but may also be made by telephone.

#### **APPOINTMENT AND REVOCATION OF PROXY**

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed Proxy should be delivered to Computershare Investor Services Inc. (“**Computershare**”) by 9:00 a.m. (local time in Vancouver, British Columbia) on Tuesday, May 28, 2019, or before 48 hours (excluding Saturdays, Sundays and holidays) of any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

#### **Provisions Relating to Voting of Proxies**

**The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting, or any other matters which may properly come before the Meeting. At the time of printing of this Circular,**

**the Management of the Company knows of no other matters which may come before the Meeting other than those referred to in the Notice of Meeting.**

#### **Advice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name.** Shareholders who hold their common shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their common shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only proxies deposited by shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of common shares will be recognized and acted upon at the Meeting. If common shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such common shares are registered under the name of Cede & Co., the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms. Common shares held by brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their common shares are voted at the Meeting. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of common shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the common shares voted. If you have any questions respecting the voting of common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, are being provided to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of*

*Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of common shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the common shares on your behalf.

The Company has distributed copies of the Notice of Meeting, Circular and VIF to intermediaries for distribution to NOBOs. Unless you have waived your right to receive the Notice of Meeting, Circular and VIF, intermediaries are required to deliver them to you as a NOBO of the Company and to seek your instructions on how to vote your common shares.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF to OBOs and accordingly, if the OBO’s intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not receive the documentation.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the common shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or an applicable intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or an intermediary, as applicable, must arrange, without expenses to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 9:00 a.m. (Vancouver time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, Computershare, unless specifically stated otherwise.

## **Financial Statements**

The audited financial statements of the Company for the year ended December 31, 2018, together with the auditor’s report on those statements and Management Discussion and Analysis, will be presented to the shareholders at the Meeting.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of common shares and unlimited number of Preferred shares, of which 62,566,547 common shares and no Preferred shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at April 24, 2019 are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

Other than as disclosed below, to the knowledge of the directors and executive officers of the Company, as of the date of this Circular, no person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the issued and outstanding common shares of the Company:

Shareholder	Number of Shares	Percentage of Issued Capital
Kinross Gold Corporation	10,925,000	17.46%
Douglas B. Forster	10,145,925	16.22%
Blayne Johnson	10,024,625	16.02%

## ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. The Management of the Company proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed. In the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. The number of directors of the Company is currently set at seven.

Pursuant to the Advance Notice Policy adopted by the board of directors (the "Board") on April 4, 2013 and discussed in further detail below, any additional director nominations for the Meeting must have been received by the Company in compliance with the Advance Notice Policy no later than the close of business on April 30, 2019. As no such nominations were received by the Company prior to such date, management's nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation	Served as director of the Company since	Number of common shares of the Company beneficially owned, directly or indirectly, or controlled or directed at present <sup>(1)</sup>
<b>George Salamis</b> British Columbia, Canada <i>Director</i>	CEO and President of Edgewater Exploration Ltd.; CEO, President and Director of Integra Resources Corp.	December 4, 2014	752,400
<b>Ryan C. King<sup>(4)</sup></b> British Columbia, Canada <i>Chief Executive Officer, President and Director</i>	Vice President of Edgewater Exploration Ltd.; Vice President of Calibre Mining Corp.	January 18, 2010	858,500 <sup>(4)</sup>
<b>Douglas B. Forster<sup>(2)(3)</sup></b> British Columbia, Canada <i>Corporate Secretary and Director</i>	Director, Edgewater Exploration Ltd.; Director, Pinecrest Resources Ltd.; President and Chief Executive Officer, Featherstone Capital Inc.; President and Chief Executive Officer, Quarry Capital Corp.	January 18, 2010	10,145,925 <sup>(5)</sup>
<b>Edward Farrauto<sup>(2)</sup></b> British Columbia, Canada <i>Director</i>	President of Sail View Capital Ltd.	January 18, 2010	1,843,700 <sup>(6)</sup>
<b>Blayne Johnson<sup>(3)</sup></b> British Columbia, Canada <i>Director</i>	Chairman of Featherstone Capital Inc.	May 16, 2012	10,024,625 <sup>(7)</sup>
<b>Douglas Hurst<sup>(2)</sup></b> British Columbia, Canada <i>Director</i>	Director of Calibre Mining Corp.	April 13, 2017	250,000
<b>Michael Vint<sup>(3)</sup></b> British Columbia, Canada <i>Director</i>	Vice President of Endeavour Financial.	April 13, 2017	266,000

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) Member of the Company's Audit Committee.
- (3) Member of the Company's Compensation Committee.
- (4) Ryan King holds 833,500 common shares directly and 25,000 common shares indirectly through Robyn King.
- (5) Douglas B. Forster holds 5,992,875 common shares directly and 4,153,050 common shares indirectly through Featherstone Capital Advisors Inc. and Quarry Capital Corp., private companies controlled by Douglas Forster.
- (6) Edward Farrauto holds 1,073,700 common shares directly and 770,000 common shares indirectly through Sail View Capital Ltd. and West Bench Capital Corp., private companies controlled by Edward Farrauto.
- (7) Blayne Johnson holds 9,893,875 common shares directly and 130,750 common shares indirectly through Featherstone Capital Advisors Inc., private companies controlled by Blayne Johnson.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

### **Corporate Cease Trade Orders or Bankruptcies**

No director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Individual Bankruptcies**

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

### **Penalties or Sanctions**

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

## **EXECUTIVE COMPENSATION**

### **Named Executive Officers**

During the financial year ended December 31, 2018, the Company had two Named Executive Officers being: Ryan King, Chief Executive Officer (“CEO”) and Kristian Dagsaan, the Chief Financial Officer (“CFO”) of the Company.

“Named Executive Officer” means: (a) each CEO, (b) each CFO, (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000; and (d) each individual who would be a NEO under (c) above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

## **Compensation Discussion and Analysis**

The Board compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility.

### **Elements of the Compensation Program**

The Company has employed a combination of base salary, bonus compensation and equity participation through the Company's stock option plan. Each components of the Company's compensation program is addressed below.

#### *Base Salary*

Base salary is the principal component of the Company's executive compensation program, and the base salary for each executive officer is based on the position held and the related responsibilities and functions performed by the executive. Individual and corporate performance is also taken into account in determining base salary levels for executives. All salaries are to be set on a basis of a review and comparison of compensation paid to executives at similar companies.

#### *Short-Term Incentives*

The Board determines, on a discretionary basis, incentive awards or bonuses to be paid by the Company to the executive officers of the Company in respect of a fiscal year, following advice from the Compensation Committee. No bonus incentive compensation was paid by the Company in the fiscal year ended December 31, 2018.

#### *Long-Term Incentives and the Company's Stock Option Plan*

The Company grants to NEOs stock options as a long-term incentive. The Company believes that encouraging its executives and employees to become shareholders of the Company is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through participation in the Company's stock option plan. The stock option component of executive officers' compensation is intended to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company to acquire common shares of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. Grants under the Company's stock option plan are intended to provide long-term awards linked directly to the market value performance of the Company's common shares. The Board reviews the recommendations the compensation committee of the Company (the "**Compensation Committee**") for the granting of stock options to management, directors, officers and other employees and consultants of the Company and its subsidiaries. Stock options are granted according to the specific level of responsibility of the particular grantee. The number of outstanding options is also considered by the Board when determining the number of options to be granted in any particular year due to the limited number of options which are available for grant under the Company's stock option plan. The exercise price of the stock options granted is generally determined by the market price at the time of grant, less any allowable discount.

The Company does not grant share-based awards.

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Company. The Compensation Committee currently consists of three members; namely, Douglas Forster, Blayne Johnson and Mike Vint, all of whom are considered independent. The following is a summary description of the mandate and responsibilities of the Compensation Committee as it relates to NEO compensation:

- (a) to review and approve corporate goals and objectives relevant to NEO compensation, including the evaluation and performance of the CEO in light of those corporate goals and objectives, and to make recommendations to the Board with respect to NEO compensation levels (including the award of any cash bonuses or share ownership opportunities);
- (b) to consider the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, to make recommendations to the Board with respect to these plans and to annually review such plans after their implementation; and
- (c) to annually review any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation.

All members of the Compensation Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have held senior executive roles within public companies, and therefore have a good understanding of compensation programmes. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understanding of the Company's success factors and risks, which is very important when determining metrics for measuring success.

The Board and the Compensation Committee have considered the implications of the risks associated with the Company's compensation policies and practices. The Board and the Compensation Committee are responsible for setting and overseeing the Company's compensation policies and practices. The Board and Compensation Committee do not provide specific monitoring and oversight of compensation policies and practices of the Company but do review, consider and adjust these matters annually. The Company does not use any specific practices to identify and mitigate compensation policies that could encourage a Named Executive Officer or individual at a principal business unit or division to take inappropriate or excessive risks. These matters are dealt with on a case-by-case basis. The Company currently believes that none of its policies encourage its Named Executive Officers to take inappropriate or excessive risks. The Company has not identified any risks arising from its compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

There are no restrictions on Named Executive Officers or directors regarding the purchase of financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. No Named Executive Officer or director, directly or indirectly, employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

### **Summary Compensation Table**

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs.

### Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation <sup>(2)</sup> (\$)	Total compensation (\$)
					Annual Incentive plans	Long-term incentive plans			
Ryan King <sup>(5)</sup> CEO	2018	Nil	Nil	Nil	Nil	Nil	Nil	106,445 <sup>(6)</sup>	106,445
	2017	Nil	Nil	91,725	Nil	Nil	Nil	52,734 <sup>(6)</sup>	144,459
Kristian Dagsaan CFO	2018	Nil	Nil	Nil	Nil	Nil	Nil	36,000 <sup>(4)</sup>	36,000
	2017	Nil	Nil	55,035	Nil	Nil	Nil	36,000 <sup>(4)</sup>	91,035
	2016	Nil	Nil	Nil	Nil	Nil	Nil	36,000 <sup>(4)</sup>	36,000

Notes:

- (1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

	<u>2017</u>
Risk-free interest rate	1.04%
Expected dividend yield	Nil
Expected volatility	117.34%
Expected life of option	5 years

The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company's financial statements.

- (2) No amounts disclosed herein relate to compensation for services as a director.
- (3) These amounts represent consulting fees paid to Spartan Consulting Inc., a private corporation controlled by Mr. Salamis.
- (4) These amounts represent consulting fees paid to Pacific Court Capital Corp., a private corporation controlled by Mr. Dagsaan.
- (5) George Salamis resigned as Chief Executive Officer of the Company on November 20, 2017. Ryan King was appointed as Chief Executive Officer on this date.
- (6) These amounts represent consulting fees paid to Gladstone Capital Corp., a private corporation controlled by Mr. King.

#### *Narrative Discussion*

Effective January 1, 2019, Mr. Ryan King and the Company have entered into a management consulting agreement pursuant to which the Company has agreed to pay Mr. King's wholly owned consulting company a monthly rate of \$6,250 for acting as the Company's President and Chief Executive Officer. Mr. King was previously compensated a per diem rate of \$781.25 for his role in the Company. In addition, Mr. King is entitled to participate in the Company's bonus and stock option plans. The amount of the bonus, if any, will be determined by the Board on recommendation from the Compensation Committee.

Mr. Kristian Dagsaan, the Company's CFO is paid a monthly fee of \$3,000 for his services as CFO. In addition, Mr. Dagsaan is entitled to participate in the Company's bonus and stock option plans. The amount of the bonus, if any, will be determined by the Board on recommendation from the Compensation Committee.

The agreements referred to above are collectively referred to as the "Consulting Agreements".

See also "Termination and Change of Control Benefits" below.

## Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards held by a NEO. The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of the most recently completed financial year:

### Outstanding Share -Based Awards and Option-Based Awards

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Ryan King CEO	250,000	0.45	April 13, 2022	Nil	N/A	N/A	N/A
	250,000	0.10	December 21, 2020	30,000	N/A	N/A	N/A
	500,000	0.22	December 4, 2019	Nil	N/A	N/A	N/A
Kristian Dagsaan CFO	150,000	0.45	April 13, 2022	Nil	N/A	N/A	N/A
	250,000	0.10	December 21, 2020	30,000	N/A	N/A	N/A
	150,000	0.22	December 4, 2019	Nil	N/A	N/A	N/A

Note:

- (1) "In-the-Money Options" means the excess of the market value of the Company's shares on December 31, 2018 over the exercise price of the options. The market price for the Company's common shares on December 31, 2018 (the last day that the common shares traded) was \$0.22.

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

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each NEO:

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

Name	Option-based awards - Value vested during the year (\$) <sup>(1)</sup>	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Ryan King CEO	Nil	N/A	N/A
Kristian Dagsaan CFO	Nil	N/A	N/A

Note:

- (1) This value is determined by calculating the difference between the market price of the underlying common shares on the vesting date and the exercise price of the options on the vesting date.

### ***Narrative Discussion***

The following information is intended as a brief description of the Company's stock option plan dated June 3, 2011, as amended on August 15, 2014 (the "**Stock Option Plan**") and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting. The maximum aggregate number of shares that may be issued upon the exercise of options granted under the Stock Option Plan is 10,000,000 shares.

1. Stock options granted under the Stock Option Plan will have an expiry date not to exceed ten years from the date of grant.
2. Any stock options granted that expire or terminate for any reason without having been exercised will again be available under the Stock Option Plan. Exercised stock options reduce the number of stock options available under this Plan.
3. Stock options will vest as may be determined by the Board and in accordance with the policies of the TSX Venture Exchange (the "**Exchange**").
4. The minimum exercise price of any stock options issued under the Stock Option Plan will be determined by the Board at the time of grant, subject to the requirements of the Exchange, and will be set at the minimum of the market price (as such term is defined in the policies of the Exchange).
5. Stock options granted to directors will expire 90 days after the director ceases to be a director of the Company unless the director continues to be engaged by the Company as an employee or a consultant, in which case the expiry date shall remain unchanged.
6. Stock options granted will expire 90 days after an employee or consultant ceases to be involved with the Company, or for any options granted to an individual providing investor relations services, 30 days after the optionee ceases to be involved with the Company.
7. The Company cannot grant options to any one individual in any 12-month period which could, when exercised, result in the issuance of shares exceeding 5% of the issued and outstanding shares of the Company.
8. The Company cannot grant options to any one consultant in any 12-month period which could, when exercised, result in the issuance of shares exceeding 2% of the issued and outstanding shares of the Company.
9. The Company cannot grant options in any 12-month period to persons employed or engaged by the Company to perform investor relations activities which could, when exercised, result in the issuance of shares exceeding, in aggregate, 2% of the issued and outstanding shares of the Company.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three-month period.

### **Pension Benefits**

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

### Termination and Change of Control Benefits

Except as disclosed below, the Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement a change in control of the Company or a change in a NEOs responsibilities.

The Company may terminate the Consulting Agreements at any time, without further obligation to such NEO: (1) if a NEO breaches any of the terms and conditions of his Consulting Agreement; (2) if a NEO fails to perform any of the services to the full satisfaction of the Company, at is sole discretion; or (3) by the Company providing 60 days written notice to a NEO.

The NEO may terminate a Consulting Agreement at any time by providing 60 days written notice to the Company. On termination or expiry of a Consulting Agreement, the Company will pay the NEO all fees and expenses properly incurred in accordance with such Consulting Agreement.

No incremental payments, payables or benefits would have been due to each of the NEOs on termination without cause or termination on a change of control or resignation for good cause following a change of control assuming such termination or resignation were to have occurred on December 31, 2018.

### DIRECTOR COMPENSATION

Other than compensation paid to the NEOs, and except as noted below, no compensation was paid to directors in their capacity as directors of the Company or its subsidiaries, in their capacity as members of a committee of the Board or of a committee of the board of directors of its subsidiaries, or as consultants or experts, during the Company's most recently completed financial year.

Set out below is a summary of compensation paid or accrued during the Company's most recently completed financial year to the Company's directors, other than the NEOs previously disclosed:

**Director Compensation Table**

<b>Name</b>	<b>Fees earned (\$)</b>	<b>Share-based awards (\$)</b>	<b>Option-based awards (\$)</b>	<b>Non-equity incentive plan compensation (\$)</b>	<b>Pension value (\$)</b>	<b>All other compensation (\$)</b>	<b>Total (\$)</b>
Douglas Forster	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Edward Farrauto	Nil	Nil	Nil	Nil	Nil	36,000 <sup>(1)</sup>	36,000
Blayne Johnson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Douglas Hurst	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Michael Vint	Nil	Nil	Nil	Nil	Nil	Nil	Nil
George Salamis	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) This amount represents consulting fees paid to Sail View Capital Ltd., a private corporation controlled by Mr. Farrauto. Sail View Capital Ltd. provides consulting services to the Company pursuant to a consulting agreement between the Company and Sail View Capital Ltd.

***Narrative Discussion***

Directors are compensated through the grant of stock options. No directors' fees are paid.

On January 1, 2015, the Company entered into a consulting agreement (the “**Sail View Agreement**”) with Sail View Capital Ltd. (“**Sail View**”) pursuant to which Sail View agreed to provide certain management services on an independent consultant basis. Sail View is a private corporation controlled by Mr. Farrauto. Under the terms of the Sail View Agreement, the Company agreed to pay Sail View a monthly consulting fee of \$5,000 and agreed that Sail View will be entitled to receive a performance related bonus at the sole discretion of the board of directors of the Company. The fee payable under the Sail View Agreement will be reviewed by the Company on an annual basis. Either party can terminate the Sail View Agreement by providing 60 days' notice or the Company can terminate the Sail View Agreement if Sail View breaches any of the terms and conditions of the Sail View Agreement or if Sail View fails to perform any of the services described in Sail View Agreement to the full satisfaction of the Company, at its sole discretion.

**Outstanding Option-Based Awards and Share-Based Awards**

The Company does not have any share-based awards held by a director. The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of the most recently completed financial year.

**Outstanding Option-Based Awards and Share-Based Awards**

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$) <sup>(1)</sup>	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value vested share-based awards not paid or distributed (\$)
Douglas Forster	150,000	0.45	April 13, 2022	Nil	N/A	N/A	N/A
	250,000	0.10	December 21, 2020	30,000	N/A	N/A	N/A
	300,000	0.22	December 4, 2019	Nil	N/A	N/A	N/A
Edward Farrauto	150,000	0.45	April 13, 2022	Nil	N/A	N/A	N/A
	250,000	0.10	December 21, 2020	30,000	N/A	N/A	N/A
	300,000	0.22	December 4, 2019	Nil	N/A	N/A	N/A
Douglas Hurst	500,000	0.45	April 13, 2022	Nil	N/A	N/A	N/A
Michael Vint	500,000	0.45	April 13, 2022	Nil	N/A	N/A	N/A
Blayne Johnson	150,000	0.45	April 13, 2022	Nil	N/A	N/A	N/A
	250,000	0.10	December 21, 2020	30,000	N/A	N/A	N/A
	300,000	0.22	December 4, 2019	Nil	N/A	N/A	N/A
George Salamis	250,000	0.45	April 13, 2022	Nil	N/A	N/A	N/A
	250,000	0.10	December 21, 2020	30,000	N/A	N/A	N/A
	500,000	0.22	December 4, 2019	Nil	N/A	N/A	N/A

Note:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on December 31, 2018 over the exercise price of the options. The market price for the Company’s common shares on December 31, 2018 (the last day that the common shares traded) was \$0.22.

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

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each director:

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

<b>Name</b>	<b>Option-based awards - Value vested during the year (\$)<sup>(1)</sup></b>	<b>Share-based awards - Value vested during the year (\$)</b>	<b>Non-equity incentive plan compensation - Value earned during the year (\$)</b>
Douglas Forster	Nil	N/A	N/A
Edward Farrauto	Nil	N/A	N/A
Blayne Johnson	Nil	N/A	N/A
Douglas Hurst	Nil	N/A	N/A
Michael Vint	Nil	N/A	N/A
George Salamis	Nil	N/A	N/A

Notes:

- (1) This value is determined by calculating the difference between the market price of the underlying common shares on the vesting date and the exercise price of the options on the vesting date.

### EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans as at the end of the most recently completed financial year:

<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	7,950,000	\$0.26	1,650,000
Equity compensation plans not approved by securityholders	Nil	N/A	N/A
<b>Total</b>	<b>7,950,000</b>	<b>\$0.26</b>	<b>1,650,000</b>

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

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

No director or executive officer of the Company or any proposed nominee of Management of the Company for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors and the appointment of auditors.

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

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

## **APPOINTMENT OF AUDITOR**

### **Auditor**

Management intends to nominate PricewaterhouseCoopers LLP, Chartered Accountants, of Vancouver, British Columbia, for re-appointment as auditor of the Company. Forms of proxies given pursuant to this solicitation will, on any poll, be voted as directed and, if there is no direction, for the re-appointment of PricewaterhouseCoopers LLP as the auditor of the Company to hold office for the ensuing year with remuneration to be fixed by the directors.

## **MANAGEMENT CONTRACTS**

Other than as disclosed elsewhere in this Circular, no Management functions of the Company are to any substantial degree performed by a person or company other than the directors or NEOs of the Company.

## **AUDIT COMMITTEE**

The Company is required to have an audit committee (the "**Audit Committee**") comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company.

### **Audit Committee Charter**

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

### **Composition of Audit Committee and Independence**

The Company's current Audit Committee consists of Douglas B. Forster, Douglas Hurst, and Edward Farrauto.

National Instrument 52-110 - *Audit Committees* ("**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 Company's Board, reasonably interfere with the exercise of the member's independent judgment. Of the Company's current Audit Committee members, Douglas Hurst and Edward Farrauto are "independent" within the meaning of NI 52-110. Douglas B. Forster who is the Corporate Secretary of the Company is not "independent".

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. All of the current Audit Committee members are "financially literate" as that term is defined. The following sets out the Audit Committee members' education and experience that is relevant to the performance of his responsibilities as an audit committee member.

### **Relevant Education and Experience**

As a result of their respective business experience, each member of the Audit Committee (i) has an understanding of the accounting principles used by the Company to prepare its financial statements, (ii) has the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions, (iii) has experience in analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to that that can reasonably be expected to be raised by the Company's financial statements, and (iv) has an understanding of internal controls and procedures for financial reporting.

#### *Douglas B. Forster*

Mr. Forster has been associated with the mining industry for over 35 years as a geologist, senior executive, director and company founder. He holds a B.Sc. (1981) and M.Sc. (1984) in Economic Geology from the University of British Columbia, Canada. Mr. Forster has been a founder, director or senior executive with numerous companies listed on Canadian stock exchanges including Terrane Metals which was acquired by Thompson Creek in 2010 for \$750 million, Potash One that was acquired by K+S in 2011 for \$434 million, and Newmarket Gold that was acquired by Kirkland Lake Gold in 2016 for \$1.0 billion. Over the past 30 years Mr. Forster has been involved with several large-scale mine development projects and operating mines including the Mt. Milligan gold-copper mine, the Kemess South gold-copper mine, the Golden Bear gold mine, the Legacy potash project, the Fosterville gold mine, the Cosmo gold mine and the Stawell gold mine. Mr. Forster has a proven track record in resource project development, mergers and acquisition, equity and debt financing, mine operations and public company management. He is a registered member of the Association of Professional Engineers and Geoscientists of British Columbia.

#### *Douglas Hurst*

Mr. Hurst has over 30 years of experience in the mining and natural resource industries having acted as geologist, consultant, mining analyst, senior executive and board member. Doug was previously a mining analyst with McDermid St. Lawrence and Sprott Securities and a contract analyst to Pacific International Securities and Octagon Capital. He was a founding executive of International Royalty Corporation which was purchased by Royal Gold for \$700 million. Recently, Mr. Hurst was one of the founders of Newmarket Gold Inc. which was purchased for \$1.0 billion by Kirkland Lake Gold Ltd in November, 2016. Mr. Hurst holds a Bachelor of Science in Geology from McMaster University (1986).

*Edward Farrauto*

Mr. Farrauto has 25 years of experience as a senior financial officer with public companies. His experience encompasses financial and regulatory compliance and public company management. Mr. Farrauto has been directly responsible for overseeing private placement financings, prospectus filings, reverse takeovers and merger and acquisition transactions. Mr. Farrauto has been involved in over \$500 million in equity and debt financings which included \$150 million with Terrane Metals which was acquired by Thompson Creek Metals in 2010 valued at \$750 million and Newmarket Gold that was acquired by Kirkland Lake Gold in 2016 for \$1.0 billion. Mr. Farrauto was a Chartered Professional Accountant from 1991 to 2018.

**Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

**Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- a) the exemption in section 2.4 (De Minimis Non-audit Services) of NI 52-110;
- b) the exemption in subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer) of NI 52-110;
- c) the exemption in subsection 6.1.1(5) (Events Outside Control of Member) of NI 52-110;
- d) the exemption in subsection 6.1.1(6) (Death, Incapacity or Resignation) of NI 52-110; or
- e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

**Pre-Approval Policies and Procedures**

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

**Audit Fees**

The following table sets forth the fees billed by PricewaterhouseCoopers LLP, Chartered Accountants, to the Company and its subsidiaries for services rendered in the last two fiscal years:

	<u>2018</u>	<u>2017</u>
	(\$)	(\$)
Audit fees <sup>(1)</sup>	27,450	26,650
Audit related fees <sup>(2)</sup>	Nil	Nil
Tax fees <sup>(3)</sup>	Nil	Nil
All other fees <sup>(4)</sup>	Nil	Nil
Total	<u>27,450</u>	<u>26,650</u>

Notes:

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees.
- (2) "Audited related fees" include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees" and "Tax fees" above.

### Exemption in Section 6.1

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

### CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the "**Guidelines**") adopted in National Policy 58-201. These Guidelines are not prescriptive but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company's approach to corporate governance is set out below.

#### Board of Directors

Management is nominating seven individuals to the Board, all of whom are current directors of the Company.

The Guidelines suggest that the board of directors of every reporting issuer 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. The

“material relationship” is defined as a relationship which could, in the view of the Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. All of the current members of the Board are considered “independent” within the meaning of NI 52-110, except for Ryan King, who is the CEO and President of the Company and Douglas B. Forster who is the Corporate Secretary of the Company.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an audit committee and compensation committee and the chairperson of each committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board.

The Board meets for formal board meetings periodically on an ad hoc basis during the year to review and discuss the Company’s business activities and to consider and, if thought fit, to approve matters presented to the Board for approval, and to provide guidance to Management. In addition, Management informally provides updates to the Board at least once per quarter between formal Board meetings. In general, Management consults with the Board when deemed appropriate to keep the Board informed regarding the Company’s affairs.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

## **Directorships**

The following directors of the Company are also directors of other reporting issuers as stated:

- Edward Farrauto is a director of Calibre Mining Corp.
- Douglas B. Forster is a director of Edgewater Exploration Ltd., Calibre Mining Corp., and Victory Metals Inc.
- Ryan King is a director of Edgewater Exploration Ltd.
- Blayne Johnson is a director of Calibre Mining Corp. and Edgewater Exploration Ltd.

- George Salamis is a director of Contact Gold Corp., Edgewater Exploration Ltd., Integra Resources Corp. and Calibre Mining Corp.
- Michael Vint is a director of Edgewater Exploration Ltd.
- Douglas Hurst is a director of Calibre Mining Corp.

### **Orientation and Continuing Education**

The Board's practice is to recruit for the Board only persons with extensive experience in the mining and mining exploration business and in public company matters. Prospective new board members are provided a reasonably detailed level of background information, verbal and documentary, on the Company's affairs and plans prior to obtaining their consent to act as a director.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

### **Ethical Business Conduct**

To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations, and the small number of officers and consultants, allow the Board to monitor, on an ongoing basis, the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

### **Nomination of Directors**

The Board has not adopted a formal process in respect to selecting new nominees to the Board. The Board expects that when the time comes to appoint new directors to the Board that the nominees would be recruited by the current Board, and the recruitment process would involve both formal and informal discussions among Board members and the CEO.

### **Compensation Committee**

The Compensation Committee is a committee comprised of at least two directors whose primary purpose is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company's management and directors (including annual retainer, meeting fees, bonuses and option grants) including any severance packages. A majority of the members shall not be officers or employees of the Company and shall be unrelated, independent directors.

Members of the Compensation Committee shall be appointed or reappointed at the meeting of the Board following the Company's annual general meeting and from among the appointees to the Compensation Committee, the Board shall appoint a chairperson (the "**Compensation Committee Chairperson**"). The duties of the Compensation Committee Chairperson include overseeing the proper functioning of the Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Compensation Committee will meet as often as may be necessary or appropriate in its judgment.

In exercising its mandate, the Compensation Committee sets the standards for the compensation of directors, employees and officers based on industry data and with the goal to attract, retain and motivate key persons to ensure the long-term success of the Company. Compensation generally includes the three following components: base salary, a short-term incentive program in the form of bonuses and long-term incentives in the form of incentive stock options. The Compensation Committee takes into account the North American context of its activities and increased competition in the market for its key personnel while also taking into account the performance and objectives set forth for the Company.

The Compensation Committee is accountable to the Board and reports to the Board at its next regular meeting all deliberations and actions it has taken since any previous report.

The members of the Compensation Committee are Douglas B. Forster, Michael Vint and Blayne Johnson.

### **Other Board Committees**

The Company does not have any standing committees, other than the Audit Committee and the Compensation Committee.

### **Assessments**

At present, the Board does not have a formal process for assessing the effectiveness of the Board, its committees and its individual directors. Rather, the Board reviews its own performance and effectiveness as well as the effectiveness and performance of its committees on an informal and case-by-case basis. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing to mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company's corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor Management and corporate functions without excessive administration burden.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **General Matters**

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information about the Company is provided in the Company's comparative annual financial statements to December 31, 2018, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com). Additional financial information

concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at (604) 628-1010.

**BOARD APPROVAL**

The contents of this Circular have been approved and its mailing authorized by the directors of the Company.

DATED at Vancouver, British Columbia, the 24<sup>th</sup> day of April, 2019.

**ON BEHALF OF THE BOARD**

(signed) "*Ryan King*"

Ryan King  
Chief Executive Officer and President

**PINECREST RESOURCES LTD.**

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**Schedule "A"**  
**Audit Committee Charter**

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**PURPOSE**

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

**DUTIES AND RESPONSIBILITIES**

The audit committee will:

- (a) review and approve the following for filing on SEDAR:
  - (i) the interim financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
  - (ii) the auditor's report, if any, prepared in relation to those financial statements,
- (b) review and recommend for approval to the board of directors the following:
  - (i) the annual financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
  - (ii) the auditor's report prepared in relation to those financial statements
- (c) recommend to the board of directors:
  - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and
  - (ii) the compensation of the external auditor,
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established,
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,
- (h) establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

- (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,
- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company, and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with Multilateral Instrument 52-109.

### **COMPOSITION OF THE COMMITTEE**

The committee will be composed of three directors from the Company's board of directors, a majority of whom will be independent. Independence of the Board members will be as defined by applicable legislation and as a minimum each independent committee member will have no direct or indirect relationship with the Company which, in the view of the board of directors, could reasonably interfere with the exercise of a member's independent judgment.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three-month period in which to achieve the required level of literacy.

### **AUTHORITY**

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditors and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

### **REPORTING**

The reporting obligations of the committee will include:

- (a) reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
- (b) reviewing and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.