

**OUTCROP GOLD CORP.**  
#510 – 580 Hornby Street  
Vancouver, BC V6C 3B6

**MANAGEMENT INFORMATION CIRCULAR**  
as at November 8, 2019

This Management Information Circular (“Information Circular”) is furnished in connection with the solicitation of proxies by management of Outcrop Gold Corp. (the “Company”) for use at the annual general and special meeting (the “Meeting”) of shareholders of the Company (the “Shareholders”) to be held on December 17, 2019 and any adjournment thereof, for the purposes set forth in the attached Notice of Annual General and Special Meeting. Except where otherwise indicated, the information contained herein is stated as of November 8, 2019.

In this Information Circular, references to the “Company” and “we” refer to Outcrop Gold Corp. “Common Shares” means common shares without par value in the capital of the Company. “Registered Shareholders” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “Non-Registered Shareholders” means Shareholders who do not hold Common Shares in their own name. “Intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners) under National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*. As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

**Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy (the “Proxy”) are officers or directors of the Company. **If you are a Registered Shareholder, you have the right to attend the meeting or vote by proxy and to appoint a person or company other than the person designated in the Proxy, who need not be a Shareholder, to attend and act for you and on your behalf at the Meeting.** You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of Proxy. If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by:

- (i) Completing, dating and signing the enclosed form of Proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc. (“Computershare”), by fax within North America at 1-866-249-7775, or by mail or hand delivery at 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Canada; or
- (ii) Using a touch-tone phone to transmit voting choices to the toll-free number given in the Proxy. Registered Shareholders who choose this option must follow the instructions of the voice response system and refer to the enclosed Proxy for the toll-free number, the holder’s account number and the Proxy Control Number.

You should ensure that the Proxy is received at least 48 hours before the Meeting or the adjournment thereof at which the Proxy is to be used.

Every Proxy may be revoked by an instrument in writing:

- (i) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney of the company; and
- (ii) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf.** If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.

#### **Exercise of Discretion by Proxyholder**

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein;
- (iii) any other matter that properly comes before the Meeting; and
- (iv) exercise of discretion of the proxyholder.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that could come before the Meeting.

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

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only Proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

If Common Shares are listed in an account statement provided to a Shareholder by an Intermediary, then in almost all cases those Common Shares will not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. as nominee for The Canadian Depository for Securities Limited (which acts as depository for many Canadian brokerage firms and custodian banks), and in the United States, under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many United States brokerage firms and custodian banks).

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company’s proxy to represent you at the Meeting. Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity. To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

**If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.**

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

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors and as set out herein. For the purpose of this paragraph, “person” shall include each person: (a) who has been a director, senior officer or insider of the Company at any time since the commencement of the Company’s last financial year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

#### **RECORD DATE AND QUORUM**

The board of directors (the “**Board**”) of the Company has fixed the record date for the Meeting as the close of business on November 8, 2019 (the “**Record Date**”). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee’s name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Company’s articles, the quorum for the transaction of business at a meeting of Shareholders is one person who is a Shareholder, or who is otherwise permitted to vote Common Shares of the Company at a meeting of Shareholders, present in person or by Proxy.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

On the Record Date, there were 34,919,928 Common Shares issued and outstanding, with each Common Share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by Proxy at the Meeting or any adjournment thereof.

To the knowledge of the directors and executive officers of the Company, there are no beneficial owners or persons exercising control or direction over Common Shares carrying 10% or more of the outstanding voting rights as of the Record Date.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

### Presentation Of Financial Statements

The annual consolidated financial statements of the Company for the financial year ended August 31, 2018, together with the auditor's report thereon, will be placed before the Meeting. The Company's financial statements are available on the System of Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

### ELECTION OF DIRECTORS

The Company proposes to fix the number of directors of the Company at four (4) and to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated. Management does not contemplate that any of the nominees will be unable to serve as a director. If, prior to the Meeting, any vacancies occur in the slate of nominees herein listed, it is intended that discretionary authority shall be exercised by the person named in the Proxy as nominee to vote the Common Shares represented by Proxy for the election of any other person or persons as directors.

The following table sets out the names of the management nominees; their positions and offices in the Company; principal occupations; the period of time that they have been directors of the Company; and the number of Common Shares which each beneficially owns or over which control or direction is exercised.

Name, Residence and Present Position within the Company	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>
<b>Joseph Hebert</b> Nevada, United States <i>President, CEO &amp; Director</i>	January 21, 2014	1,879,160	President and CEO of the Company.
<b>John Anderson</b> <sup>(2)</sup> British Columbia, Canada <i>Director</i>	August 7, 2017	100,000	President of Purplefish Capital Ltd., an independent corporate advisory firm since November 2007.
<b>Kevin Nishi</b> <sup>(2)(3)</sup> British Columbia, Canada <i>Director</i>	February 16, 2015	111,111	Partner at Smythe LLP, Chartered Professional Accountants.

Name, Residence and Present Position within the Company	Director Since	Number of Common Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised <sup>(1)</sup>	Principal Occupation <sup>(1)</sup>
<b>Jay Sujir</b> <sup>(2)(3)</sup> British Columbia, Canada <i>Proposed Director</i>	N/A	Nil	Mr. Sujir is a securities and natural resources lawyer who has extensive experience in advising and assisting public companies. He has been a partner with Farris, Vaughan, Wills & Murphy, LLP since May 2015. From 1991 to May 2015, Mr. Sujir was a partner at Anfield, Sujir Kennedy & Durno, LLP and its predecessor firms. Mr. Sujir obtained his Bachelor of Arts degree from the University of Victoria in 1981 with a double major in Economics and Philosophy and obtained his Bachelor of Law degree from the University of Victoria in 1985. He is a member of the Law Society of British Columbia and the Canadian Bar Association.

**Notes:**

- (1) The information as to principal occupation, business or employment, and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least the five preceding years.
- (2) Member of the Audit Committee. Mr. Sujir, a proposed director, is expected to be appointed to the Audit Committee following the Meeting. Mr. Sujir is expected to replace Mr. Cragg on the Audit Committee.
- (3) Member of the Compensation Committee. Mr. Sujir, a proposed director, is expected to be appointed to the Compensation Committee following the Meeting. Mr. Sujir is expected to replace Mr. Cragg on the Compensation Committee.

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

- (a) was subject to an order that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, 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.

For the purposes of subsection (a) above, “order” means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation;

that was in effect for more than 30 consecutive days.

Except as otherwise disclosed below, to the knowledge of the Company, no proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in the 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;
- (b) has, within the 10 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 or executive officer;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

#### **APPOINTMENT OF AUDITOR**

Management is recommending that Shareholders vote to appoint Davidson & Company LLP of 1200 - 609 Granville Street, Vancouver, BC, V7Y 1G6, as the Company's auditor and to authorize the directors to fix their remuneration.

#### **APPROVAL OF NEW CONTROL PERSON**

On October 29, 2019 the Company entered into an amended and restated share purchase agreement (the "**Share Purchase Agreement**") with Cedar Capital Corporation ("**Cedar**"). Cedar owns 100% of the issued and outstanding shares of Malew Overseas S.A. ("**Malew**"). Malew is the sole shareholder of Lost City S.A.S. which is the legal and beneficial owner of the Santa Ana Silver Project in Colombia (the "**Property**"). Pursuant to the Share Purchase Agreement, the Company will acquire 100% of the issued and outstanding shares of Malew in order to acquire the Property in consideration for the issuance of 24,000,000 Common Shares in the capital of the Company at a deemed price of \$0.10 per Common Share (the "**Transaction**").

Upon closing of the Transaction, Cedar will have beneficial ownership, direction or control over 24,000,000 Common Shares representing approximately 45.26% of the Company's issued and outstanding Common Shares. This share issuance will result in Cedar becoming a Control Person (as such term is defined in the TSX Venture Exchange ("**TSX-V**") Corporate Finance Policy 1.1) of the Company. In accordance with TSXV policies, the Company is required to seek Shareholder approval if a share issuance will result in the creation of a new Control Person.

To be effective, the resolution approving the creation of a new Control Person requires the affirmative vote of a majority of the votes cast by Shareholders present in person or represented by proxy and entitled to vote at the Meeting, excluding the votes attached to Common Shares held by the new Control Person. Cedar does not own any Common Shares entitled to vote at the Meeting as at the Record Date.

At the Meeting, Shareholders will be asked to pass an ordinary resolution in the following form:

**“BE IT RESOLVED that:**

- (a) Cedar Capital Corporation (“Cedar”) becoming a Control Person (as such term is defined in the TSX Venture Exchange Corporate Finance Policy 1.1) of the Company as a result of the issuance of securities by the Company to Cedar or entities owned and/or controlled by Cedar, as more particularly described in the management information circular of the Company dated November 8, 2019, be and is hereby authorized and approved; and
- (b) any one director or officer of the Company is hereby authorized for and on behalf of the Company to take all such action, do all such things and execute under seal or otherwise and deliver or cause to be delivered all such documents that such director or officer deems necessary or desirable in furtherance of the foregoing resolutions.

**Management and the Board of Directors of the Company unanimously recommend that the Shareholders vote in favour of the resolutions approving the creation of a new Control Person. In the absence of instructions to the contrary, the management proxyholders will vote the Common Shares represented by each form of proxy, properly executed, FOR the approval of the foregoing resolutions.**

**ADOPTION OF NEW ARTICLES**

The Board proposes to replace the Company’s current articles (the “**Existing Articles**”) with new articles (the “**New Articles**”). The primary reason for replacing the Existing Articles with the New Articles is to include an advance notice provision (the “**Advance Notice Provision**”), which will provide shareholders, directors and management of the Company with direction on the procedure for shareholder nomination of directors. The Advance Notice Provision is the framework by which the Company seeks to fix a deadline by which holders of record of Common Shares of the Company must submit director nominations to the Company prior to any annual or special meeting of shareholders, and sets forth the information that a shareholder must include in the notice to the Company for the notice to be in proper written form.

The purpose of adopting the Advance Notice Provision is to: (i) facilitate orderly and efficient annual general or special meetings; (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. The full text of the Advance Notice Provision is set out at Section 14.12 of the New Articles.

A copy of the New Articles is available for inspection by Shareholders during normal business hours at any time up to the Meeting at the Company’s registered office located at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada.

*Summary of Advance Notice Provision*

Subject to the *Business Corporations Act* (British Columbia) (the “**Act**”), 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. This nomination may be made:

- (i) by the Board, including pursuant to a notice of meeting;
- (ii) by or at the direction or request of one or more shareholders pursuant to a proposal or requisition made in accordance with the provisions of the Act; or

- (iii) by any person who (A) at the close of business on the date of the giving of the notice provided for in the Advance Notice Provision and on the record date for notice of such meeting, is a registered or beneficial holder of one or more shares carrying the right to vote at such meeting; and (B) who complies with the notice procedures set forth in the Advance Notice Provision (a “**Nominating Shareholder**”).

To be timely, a Nominating Shareholder’s notice to the Company must be made:

- (i) 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 that (i) if the Company chooses to use notice and access to deliver meeting materials, the time frame will be not less than 40 and no more than 65 days; and (ii) if the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the meeting was made (the “**Notice Date**”), notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
- (ii) in the case of a special meeting of shareholders which is not also an annual meeting, and is called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the Notice Date.

In no event shall any adjournment or postponement of a meeting of shareholders, or the announcement of an adjournment or postponement, commence a new time period for the giving of a Nominating Shareholder’s notice as described above.

To be in proper written form, a Nominating Shareholder’s notice must include:

- (i) for 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 principal occupation or employment of the person; (C) 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 date of the notice and 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 (D) 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 Act and applicable securities laws; and
- (ii) for the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote 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 Act and applicable securities laws.

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.

No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of the Advance Notice Provision. However, nothing in the Advance Notice Provision shall be deemed to preclude discussion by a shareholder at a meeting of shareholders of any matter, other than the nomination of directors, in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act. 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 the foregoing, the Board may, in its sole discretion, waive any requirement in the Advance Notice Provision.

### *Shareholder Confirmation*

Shareholders will be asked at the Meeting to approve, with or without variation, the following special resolution to adopt the New Articles for the Company in replacement of the Existing Articles:

“**BE IT RESOLVED**, as a special resolution, that:

- (a) the Existing Articles of the Company are cancelled in their entirety and the New Articles as more particularly described in the Company’s Information Circular dated November 8, 2019, be adopted as the articles of the Company in substitution for, and to the exclusion of, the Existing Articles of the Company;
- (b) the board of directors of the Company be authorized, in its absolute discretion, to determine whether or not to proceed with the foregoing resolution, without further approval, ratification or confirmation by the shareholders of the Company; and
- (c) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required which, in the opinion of such director or officer, may be necessary or appropriate in order to give effect to the foregoing resolutions.”

### *Recommendation of the Board*

The Board has concluded that the adoption of the New Articles is in the best interests of the Company and its Shareholders. Accordingly, the Board unanimously recommends that the Shareholders approve the New Articles of the Company by voting FOR the resolution adopting the New Articles at the Meeting.

**Proxies received in favor of management will be voted in favor of the New Articles of the Company, unless the Shareholder has specified in the Proxy that his or her Common Shares are to be voted against such resolution.**

### **APPROVAL OF 2019 STOCK OPTION PLAN**

At the Meeting, Shareholders of the Company will be asked to approve the Company’s new 2019 rolling stock option plan (the “**New Plan**”) to replace the existing fixed stock option plan. The purpose of the New Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company, to increase their efforts on behalf of the Company, and to reward or compensate their contributions towards the long-term goals of the Company.

The following summary of the material terms of the New Plan does not purport to be complete and is qualified in its entirety by reference to the New Plan.

Eligible Participants. Options may be granted under the New Plan to directors or officers of the Company or an affiliate of the Company (collectively, the “**Directors**”), employees of the Company (collectively, the “**Employees**”) consultants of the Company or its affiliate (collectively, the “**Consultants**”) or Management Company Employees (as that term is defined in Policy 4.4 of the TSX Venture Exchange (the “**Exchange**”) Corporate Finance Manual). The Board, in its discretion, determines which of the Directors, Employees, Consultants or Management Company Employees will be awarded Options under the New Plan.

Number of Shares Reserved. The number of Common Shares which may be issued pursuant to options granted under the New Plan may not exceed 10% of the issued and outstanding Common Shares of the Company from time to time at the date of granting of Options (including all options granted by the Company prior to the adoption of the New Plan and under the New Plan). Options which are cancelled or expire prior to exercise continue to be issuable under the New Plan.

Limitations. Under the New Plan, the aggregate number of options granted to any one person in a 12 month period must not exceed 5% of the issued and outstanding shares of the Company, calculated on the date the option is granted. The aggregate number of options granted to any one Consultant in a 12 month period must not exceed 2% of the issued and outstanding shares of the Company, calculated at the date the option is granted. The aggregate number of options granted to all persons retained to provide investor relations services to the Company (including Consultants and Employees or Directors whose role and duties primarily consist of providing investor relations services) must not exceed 2% of the issued and outstanding shares of the Company in any 12 month period, calculated at the date an option is granted to any such person.

Term of Options. Subject to the termination and change of control provisions noted below, the terms of any Option granted under the New Plan is determined by the Board and may not exceed ten years from the date of grant.

Exercise Price. The exercise price of Options granted under the New Plan is determined by the Board, provided that it is not less than the Discounted Market Price, as that term is defined in the Exchange's Corporate Finance policy manual or such other minimum price as is permitted by the Exchange in accordance with the policies from time to time, or, if the Common Shares are no longer listed on the Exchange, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of Options granted to insiders may not be decreased without disinterested shareholder approval at the time of the proposed amendment.

Term of Options. Subject to the termination and change of control provisions noted below, the term of any options granted under the Plan is determined by the Board and may not exceed ten years from the date of grant.

Vesting. All Options granted pursuant to the New Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board.

Termination. Any Options granted pursuant to the New Plan will terminate upon the earliest of:

- (a) such date as the Board has fixed when the Option is granted, provided that the date is no more than one year from the date on which the holder ceases to be eligible (the "**Cessation Date**") to hold the Option;
- (b) the end of the term of the Option;
- (c) if the Cessation Date is as a result of dismissal for cause or regulatory sanction, then immediately on the Cessation Date; or
- (d) if the Cessation Date is as a result of death or disability, then the date that is one year from the date of such death or disability.

#### *Shareholder Confirmation*

Shareholders will be asked at the Meeting to approve, with or without variation, the following ordinary resolution:

"BE IT RESOLVED THAT:

- (a) the Company's 2019 rolling stock option plan (the "**New Plan**") be and is hereby approved, and that in connection therewith a maximum of 10% of the issued and outstanding Common Shares at the time of each grant be approved for granting as options;
- (b) the Company's existing fixed stock option plan (the "**Existing Plan**") is hereby cancelled and any options outstanding under the terms of the Existing Plan be and are hereby governed by the terms of the New Plan; and
- (c) any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution."

**The Board recommends that Shareholders vote in favour of the New Plan resolution set out above.**

A copy of the New Plan is available at the records office of the Company at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.

**OTHER BUSINESS**

As of the date of this Information Circular, the management of the Company knows of no other matters to be acted upon at the Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the Proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the Proxy.

**STATEMENT OF EXECUTIVE COMPENSATION**

For the purposes of this Information Circular:

“CEO” means the Company’s chief executive officer;

“CFO” means the Company’s chief financial officer;

“Named Executive Officer” or “NEO” means:

- (a) a CEO;
- (b) a CFO;
- (c) the most highly compensated executive officer, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) 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.

As at August 31, 2018, the end of the most recently completed financial period of the Company, the Company had two (2) NEOs, whose names and positions held within the Company are set out in the summary compensation table below.

**Director and Named Executive Officer Compensation**

The following table is a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company, to each NEO and director, for each of the two most recently completed financial periods ended August 31, 2018 and August 31, 2017, other than stock options and other compensation securities.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year Ended<sup>(1)</sup></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>
<b>Joseph Hebert<sup>(1)</sup></b> <i>CEO and Director</i>	2018	\$180,616 <sup>(2)</sup>	Nil	Nil	Nil	Nil	\$180,616
	2017	\$234,024 <sup>(3)</sup>	Nil	Nil	Nil	Nil	\$234,024

<b>Table of compensation excluding compensation securities</b>							
<b>Name and position</b>	<b>Year Ended<sup>(1)</sup></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>
<b>James Cragg<sup>(4)</sup></b> <i>Director</i>	2018	\$17,891 <sup>(2)</sup>	\$56,228 <sup>(2)</sup>	Nil	Nil	Nil	\$74,119
	2017	\$18,486 <sup>(3)</sup>	Nil	Nil	Nil	Nil	\$18,486
<b>Kevin Nishi<sup>(5)</sup></b> <i>Director</i>	2018	\$21,290	\$55,000	Nil	Nil	Nil	\$76,290
	2017	\$22,037	Nil	Nil	Nil	Nil	\$22,037
<b>John Anderson<sup>(6)</sup></b> <i>Director</i>	2018	\$18,074	\$55,000	Nil	Nil	Nil	\$73,074
	2017	\$1,693	Nil	Nil	Nil	Nil	\$1,693
<b>Len Goldsmith<sup>(7)</sup></b> <i>Former CFO</i>	2018	\$150,000	\$55,000	Nil	Nil	Nil	\$205,000
	2017	\$137,500 <sup>(8)</sup>	Nil	Nil	Nil	Nil	\$137,500
<b>Kenneth Cunningham<sup>(9)</sup></b> <i>Former Chairman</i>	2018	\$16,755	Nil	Nil	Nil	Nil	\$16,755
	2017	\$65,513 <sup>(2)</sup>	Nil	Nil	Nil	\$175,504	\$241,017

**Notes:**

- (1) Mr. Hebert was appointed as a director of the Company effective as of January 21, 2014 and as CEO of the Company effective as of January 28, 2016. Mr. Hebert received compensation in the amount of \$Nil for acting as a director of the Company and \$180,616 for acting as CEO of the Company.
- (2) Compensation paid in US dollars during the financial year ended August 31, 2018 is converted into Canadian dollars by using an average exchange rate for the current financial year of 1.2779.
- (3) Compensation paid in US dollars during the financial year ended August 31, 2017 is converted into Canadian dollars by using an average exchange rate for the current financial year of 1.3204.
- (4) Mr. Cragg was appointed as a director of the Company effective as of December 13, 2004.
- (5) Mr. Nishi was appointed as a director of the Company effective as of February 16, 2015.
- (6) Mr. Anderson was appointed as a director of the Company effective as of August 7, 2017.
- (7) Mr. Goldsmith was appointed as the CFO of the Company effective as of October 17, 2013 and ceased to be the CFO effective as of October 1, 2018.
- (8) Mr. Goldsmith's consulting fees were paid to Goldnor Global Management Inc. in connection with Mr. Goldsmith providing CFO services to the Company.
- (9) Mr. Cunningham served as Chairman of the Company from January 28, 2016 to July 31, 2017.

## Stock Options and Other Compensation Securities

The following compensation securities were granted or issued to the directors and NEOs by the Company in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (C\$)	Closing price of security or underlying security on date of grant (C\$)	Closing price of security or underlying security at year end (C\$)	Expiry Date
<b>Joseph Hebert</b> <sup>(1)</sup> <i>CEO and Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>James Cragg</b> <sup>(2)</sup> <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Kevin Nishi</b> <sup>(3)</sup> <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>John Anderson</b> <sup>(4)</sup> <i>Director</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Len Goldsmith</b> <sup>(5)</sup> <i>Former CFO</i>	Nil	Nil	Nil	Nil	Nil	Nil	Nil

### Notes:

- (1) Mr. Hebert held a total of 2,025,000 compensation securities as of the last day of the most recently completed financial year. On October 17, 2018, 175,000 stock options held by Mr. Hebert expired.
- (2) Mr. Cragg held a total of 362,500 compensation securities as of the last day of the most recently completed financial year. On October 17, 2018, 62,500 stock options held by Mr. Cragg expired.
- (3) Mr. Nishi held a total of 300,000 compensation securities as of the last day of the most recently completed financial year.
- (4) Mr. Anderson held a total of nil compensation securities as of the last day of the most recently completed financial year.
- (5) Mr. Goldsmith held 1,300,000 compensation securities on the last day of the most recently completed financial year.

No compensation securities were exercised by the directors or NEOs during the most recently completed financial year.

### Stock option plans and other incentive plans

See “Approval of Stock Option Plan” above for the material terms of the Company’s New Plan. The Company’s existing fixed stock option plan was previously approved by Shareholders at the Company’s annual general meeting held on January 22, 2013.

### Employment, consulting and management agreements

Except as disclosed herein, the Company does not have any agreement or arrangement under which compensation was provided during the most recently completed financial period ended August 31, 2018 or is payable in respect of services provided to the Company that were performed by a director or a NEO, or performed by any other party but are services typically provided by a director or a NEO.

Joseph Hebert, the CEO for the Company, entered into an amended and restated employment agreement (the “**Hebert Agreement**”) with the Company on January 28, 2016, pursuant to which Mr. Hebert agreed to perform the duties and fulfill the responsibilities consistent with the position held in consideration of an annual salary of US\$188,000, plus health and fringe benefits of approximately US\$50,000 per year. Mr. Hebert’s employment pursuant to the Hebert Agreement is for an indefinite term, continuing until terminated pursuant to the terms of the Hebert Agreement. The Company may terminate the Hebert Agreement for cause, as more particularly set out in the Hebert Agreement, or at

any time without cause by payment to Mr. Hebert equal to two times his annual salary plus one times his annual benefits, based on the annual salary and benefits pursuant to the Hebert Agreement at the time of termination, and all wages and benefits owing to Mr. Hebert up to and including his last day of employment (collectively, the “**Severance Package**”, as defined in the Hebert Agreement). Mr. Hebert may terminate the Hebert Agreement on 60-days’ written notice to the Company if: (i) the Company makes a material adverse change in the salary, duties, or responsibilities assigned to Mr. Hebert pursuant to the Hebert Agreement; or (ii) a “change in control” (as defined in the Hebert Agreement) of the Company occurs; in either of which cases, the Company shall pay to Mr. Hebert the Severance Package. Mr. Hebert may terminate the Hebert Agreement at any time without cause on 60-days’ written notice to the Company, with all remaining salary and benefits ceasing on that effective date.

On March 1, 2016, the Company entered into a consulting agreement with Goldnor Global Management Inc. (“**Goldnor**”), a company owned and controlled by Len Goldsmith, former CFO of the Company (the “**Goldnor Agreement**”). The services of Mr. Goldsmith as CFO and Corporate Secretary of the Company were provided by and performed under the Goldnor Agreement. Goldnor provided the Company with accounting, financial, corporate, and regulatory compliance services in consideration of an annual service fee of \$150,000, pro-rated for time spent on any business in connection with the Company, plus applicable taxes; plus reimbursement of all preapproved expenses incurred by Goldnor in furtherance of or in connection with the business of the Company and its subsidiaries. The Goldnor Agreement contained non-disclosure and non-solicitation provisions typical of an agreement of this nature. Mr. Goldsmith ceased to be CFO of the Company effective as of October 1, 2018, accordingly the Goldnor Agreement has been terminated.

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

The compensation of directors is reviewed annually by the Compensation Committee, who then makes a recommendation to the Board. The independent members of the Board approve the annual compensation levels, if any, for the directors. Currently, the Company has no standard arrangement pursuant to which directors are compensated for their services in their capacity as directors.

The objectives of the Company’s executive compensation program are as follows:

- to attract, retain and motivate talented executives;
- to align the interests of the Company’s executives with the interests of the shareholders;
- to reward executive officers based on their skill and experience level, the level of responsibility involved in their position, the individual’s experience and qualifications;
- to reward executives for reinforcing the Company’s business objectives and values, for achieving the Company’s performance objectives, and for their individual performance; and
- to provide total compensation to executives that is competitive with that paid by other companies of comparable size engaged in a similar business in appropriate regions.

The Company aims to design executive compensation packages that are comparable to those for executives with similar talents, qualifications and responsibilities at companies with similar financial and operating characteristics. However, executive compensation is not evaluated against a formal “peer group”.

The Company has implemented three levels of compensation. First, executive officers may be paid a monthly consulting fee or salary. Second, executive officers may be awarded long term incentives in the form of stock options. Finally, and only in special circumstances, cash or share bonuses for exceptional performance that results in a significant increase in shareholder value may be awarded. The Company does not provide pension benefits to the executive officers.

The base compensation of the executive officers is reviewed annually by the Compensation Committee, who then makes a recommendation to the Board. The independent members of the Board approve the annual compensation levels for the executive officers. The Compensation Committee may make recommendations to the Board from time to time regarding stock option grants to be made pursuant to the Stock Option Plan. The Compensation Committee may also make recommendations regarding awarding bonuses, which are then approved by the independent members of the Board at their discretion. The Compensation Committee and Board do not have pre-existing performance criteria or objectives that it considers in setting compensation amounts.

See “*Statement of Executive Compensation - Director and named executive officer compensation*” above for a description of the compensation awarded to each NEO during the most recently completed financial period ended August 31, 2018. Compensation for the most recently completed financial period should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Company’s financial resources and prospects.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of August 31, 2018 with respect to compensation plans under which equity securities of the Company are authorized for issuance.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup> (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuances under equity compensation plan (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (stock option plan)	4,682,500	0.115	5,809,390
Equity compensation plans not approved by security holders	N/A	N/A	N/A
<b>Total:</b>	4,682,500	0.115	5,809,390

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, proposed nominees for election as directors and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries, is, as at the date of this Information Circular, or has been at any time during the most recently completed financial year, indebted to the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein or above, since the commencement of the Company’s most recently completed financial year, no informed person (a director, officer or holder of 10% or more of the Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction that has materially affected or would materially affect the Company or any of its subsidiaries.

### MANAGEMENT CONTRACTS

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than by the directors or executive officers of the Company or subsidiary. See “Employment, consulting and management agreements” above.

### STATEMENT OF CORPORATE GOVERNANCE

#### Corporate Governance

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 charged with the day to day management of the Company. The Canadian Securities Administrators (“CSA”) have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non prescriptive

guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### **Board of Directors**

The composition of the Board currently consists of the following four members: Joseph Hebert, John Anderson, James Cragg and Kevin Nishi. It is proposed that at the Meeting the following four individuals will be elected as members of the Board for the ensuing year: Joseph Hebert, John Anderson, Kevin Nishi and Jay Sujir.

The Board consists of two individuals who qualify as independent directors. For this purpose, a director is independent if he or she has no direct or indirect “material relationship” with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. Of the proposed nominees, Joseph Hebert, President and CEO, and John Anderson, Chairman, are considered to be non-independent directors.

### **Other Directorships**

The following table sets forth the directors and proposed directors of the Company who are directors of other reporting issuers as at November 8, 2019:

<i>Name</i>	<i>Name of other reporting issuer</i>
John Anderson	Century Energy Ltd. Rizal Resources Corporation Viscount Mining Corp. Mexican Gold Corp. Arbutus Brands Inc. Parallel Mining Corp. Telson Mining Corporation Sona Resources Corp. FluidOil Limited Simba Gold Corp. Intercept Energy Services Inc. First Vanadium Corp. Triumph Gold Corp.
Jay Sujir	Libero Copper & Gold Corporation Vanadian Energy Corp. Collingwood Resources Corp. Carlin Gold Corporation Roughrider Exploration Limited Kutcho Copper Corp.

### **Orientation and Continuing Education**

Orientation of new members of the Board is conducted informally by Management and members of the Board. The Company has not adopted formal policies respecting continuing education for Board members.

### **Ethical Business Conduct**

The Board has adopted a formal written Code of Business Ethics and Conduct for its directors, officers and employees. The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company’s business plan and to meet performance objectives and goals. In addition, the Board must comply with conflict of interest provisions in Canadian corporate law, including relevant securities regulatory instruments, in

order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest. The Code of Business Ethics and Conduct is posted on the Company's profile at [www.SEDAR.com](http://www.SEDAR.com).

### **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting. The Board takes into account the number of directors required to carry out the Board's duties effectively and to maintain diversity of views and experience.

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

### **Compensation**

The Company has established a Compensation Committee that currently consists of James Cragg (Chair) and Kevin Nishi. Compensation recommendations are made by the Compensation Committee and reached primarily by comparison of the remuneration paid by the Company with publicly available information on remuneration paid by other reporting issuers that the Compensation Committee feels are similarly placed within the same business as the Company. The recommendations of the Compensation Committee are then presented to the Board for approval.

It is proposed that Jay Sujir will stand for election as a director at the Meeting (see "*Particulars of Matters to be Acted Upon – Election of Directors*" above) and will replace Mr. Cragg on the Compensation Committee. Mr. Cragg is not standing for re-election as a director.

The executive compensation package available to our named executive officers is comprised of a base salary or fees, benefits, and equity based compensation in the form of stock options to purchase Common Shares of the Company.

Under a charter adopted by the Board the Compensation Committee is a committee of the Board with the primary function to assist the Board in fulfilling its oversight responsibilities by:

- reviewing and approving and then recommending to the Board salary, bonus, and other benefits, direct or indirect, and any change of control packages of the Chairperson of the Board (if any), the President, the Chief Executive Officer and other members of the senior management team;
- recommending salary guidelines to the Board;
- administering the Company's compensation plans, including stock option plans, outside directors compensation plans, and such other compensation plans or structures as are adopted by the Company from time-to-time;
- researching and identifying trends in employment benefits; and
- establishing, and periodic review of, Company policies in the area of management benefits and perquisites.

### **Board Committees**

The Board has no committees other than the Audit Committee and the Compensation Committee.

### **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. To assist in its review, the Board conducts informal surveys of its directors and receives reports from each committee respecting its own effectiveness. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

## AUDIT COMMITTEE

### Audit Committee Disclosure

Pursuant to Section 224(1) of the *Business Corporations Act* (British Columbia) and National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”) 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. 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 below.

The primary function of the Audit Committee is to assist the Board in fulfilling its financial oversight responsibilities by: (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii) reviewing the systems for internal corporate controls which have been established by the Board and management; and (iii) overseeing the Company’s financial reporting processes generally. In meeting these responsibilities the Audit Committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The Audit Committee is also mandated to review and approve all material related party transactions.

### Composition of the Audit Committee

The Audit Committee is currently comprised of the following members: John Anderson, James Cragg and Kevin Nishi. Each member of the Audit Committee is considered to be financially literate, as defined by NI 52-110, in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements.

It is proposed that Jay Sujir will stand for election as a director at the Meeting (see “*Particulars of Matters to be Acted Upon – Election of Directors*” above) and will replace Mr. Cragg on the Audit Committee. Mr. Cragg is not standing for re-election as a director. Mr. Sujir is considered to be financially literate and independent.

The members of the Audit Committee are elected by the Board at its first meeting following the annual shareholders’ meeting. Unless a chair is elected by the full Board, the members of the Audit Committee designate a chair by a majority vote of the full Audit Committee membership.

### Relevant Education and Experience

All three 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 and are therefore considered “financially literate”.

*John Anderson* – Mr. Anderson is a senior level businessman with experience in financial matters and is financially literate.

*James Cragg* – Mr. Cragg is a senior level businessman with experience in financial matters and is financially literate.

*Kevin Nishi* – Mr. Nishi is a CPA, CA and Chartered Business Valuator in practice with Smythe LLP, Chartered Professional Accountants. He has been a partner of the firm since 1996. Mr. Nishi holds a Bachelor of Business Administration from Simon Fraser University. Mr. Nishi has extensive background in accounting and auditing for public and private companies and he is a director of several publicly traded mineral exploration companies. Mr. Nishi is considered a financial expert.

### **The Audit Committee’s Charter**

The Company has adopted a Charter of the Audit Committee, a copy of which is attached hereto as Schedule “A”.

### **Audit Committee Oversight**

Since the commencement of the Company’s most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Reliance on Certain Exemptions**

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on the exemptions contained in sections 2.4, 6.1.1(4), 6.1.1(5), 6.1.1(6) or Part 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 6.1.1(4), (5) and (6) provide exemptions in certain circumstances from the requirement that a majority of the members of the Audit Committee must not be executive officers, employees or control persons of the venture issuer. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

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

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Board, and where applicable the Audit Committee, on a case-by-case basis.

### **External Auditor Service Fees**

In the following table, “audit fees” are fees billed by the Company’s external auditor 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 auditor 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 fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. “All other fees” are fees billed by the auditor for products and services not included in the foregoing categories.

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

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
August 31, 2018	\$32,000	Nil	\$4,500	Nil
August 31, 2017	\$37,500	Nil	\$4,500	Nil

### **Exemption**

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## **ADDITIONAL INFORMATION**

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

Financial information is provided in the Company's comparative annual audited financial statements and management's discussion and analysis ("MD&A") for its most recently completed financial year, and will be available online at [www.sedar.com](http://www.sedar.com). Shareholders may request additional copies by mail to Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, V6C 2T8.

## **DIRECTORS' APPROVAL**

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the Board.

DATED at Vancouver, British Columbia, this 8<sup>th</sup> day of November, 2019

**ON BEHALF OF THE BOARD OF DIRECTORS**

*"Joseph Hebert"*

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Joseph Hebert  
Chief Executive Officer

## Schedule "A"

### AUDIT COMMITTEE CHARTER

#### *PURPOSE OF THE AUDIT COMMITTEE*

The purpose of the Audit Committee (the "**Audit Committee**") of the board of directors (the "**Board**") of Outcrop is to provide an open avenue of communication between management, Outcrop's independent auditor and the Board, and to assist the Board in its oversight of:

- the integrity, adequacy and timeliness of Outcrop's financial reporting and disclosure practices;
- Outcrop's compliance with legal and regulatory requirements related to financial reporting; and
- the independence and performance of Outcrop's independent auditor.

The Audit Committee shall also perform any other activities consistent with this Charter, Outcrop's articles and governing laws, as the Audit Committee or Board deems necessary or appropriate.

The Audit Committee shall consist of at least three directors. Members of the Audit Committee shall be appointed by the Board and may be removed by the Board in its discretion. The members of the Audit Committee shall elect a Chairman from among their number. A majority of the members of the Audit Committee must not be officers or employees of Outcrop or of an affiliate of Outcrop. The quorum for a Meeting of the Audit Committee is a majority of the members who are not officers or employees of Outcrop or of an affiliate of Outcrop. With the exception of the foregoing quorum requirement, the Audit Committee may determine its own procedures.

The Audit Committee's role is one of oversight. Management is responsible for preparing Outcrop's financial statements and other financial information and for the fair presentation of the information set forth in the financial statements in accordance with International Financial Reporting Standards ("**IFRS**"). Management is also responsible for establishing internal controls and procedures and for maintaining the appropriate accounting and financial reporting principles and policies designed to assure compliance with accounting standards and all applicable laws and regulations.

The independent auditor's responsibility is to audit Outcrop's financial statements and provide its opinion, based on its audit conducted in accordance with generally accepted auditing standards, that the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of Outcrop in accordance with IFRS.

The Audit Committee is responsible for recommending to the Board the independent auditor to be nominated for the purpose of auditing Outcrop's financial statements, preparing or issuing an auditor's report or performing other audit, review or attest services for Outcrop, and for reviewing and recommending the compensation of the independent auditor. The Audit Committee is also directly responsible for the evaluation of and oversight of the work of the independent auditor. The independent auditor shall report directly to the Audit Committee.

#### *AUTHORITY AND RESPONSIBILITIES*

In addition to the foregoing, in performing its oversight responsibilities the Audit Committee shall:

1. Monitor the adequacy of this Charter and recommend any proposed changes to the Board.
2. Review the appointments of Outcrop's Chief Financial Officer and any other key financial executives involved in the financial reporting process.
3. Review with management and the independent auditor the adequacy and effectiveness of Outcrop's accounting and financial controls and the adequacy and timeliness of its financial reporting processes.
4. Review with management and the independent auditor the annual financial statements and related documents and review with management the unaudited quarterly financial statements and related documents, prior to filing or distribution, including matters required to be reviewed under applicable legal or regulatory requirements.
5. Where appropriate and prior to release, review with management any news releases that disclose annual or interim financial results or contain other significant financial information that has not previously been released to the public.

6. Review Outcrop's financial reporting and accounting standards and principles and significant changes in such standards or principles or in their application, including key accounting decisions affecting the financial statements, alternatives thereto and the rationale for decisions made.
7. Review the quality and appropriateness of the accounting policies and the clarity of financial information and disclosure practices adopted by Outcrop, including consideration of the independent auditor's judgment about the quality and appropriateness of Outcrop's accounting policies. This review may include discussions with the independent auditor without the presence of management.
8. Review with management and the independent auditor significant related party transactions and potential conflicts Of interest.
9. Pre-approve all non-audit services to be provided to Outcrop by the independent auditor.
10. Monitor the independence of the independent auditor by reviewing all relationships between the independent auditor and Outcrop and all non-audit work performed for Outcrop by the independent auditor.
11. Establish and review Outcrop's procedures for the:
  - receipt, retention and treatment of complaints regarding accounting, financial disclosure, internal controls or auditing matters; and
  - confidential, anonymous submission by employees regarding questionable accounting, auditing and financial reporting and disclosure matters.
12. Conduct or authorize investigations into any matters that the Audit Committee believes is within the scope of its responsibilities. The Audit Committee has the authority to retain independent counsel, accountants or other advisors to assist it, as it considers necessary, to carry out its duties, and to set and pay the compensation of such advisors at the expense of Outcrop.
13. Perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in Parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (British Columbia) and the articles of Outcrop.