

**ALTALEY MINING CORPORATION**  
1111 Melville Street, Suite 1000  
Vancouver, BC  
V6E 3V6

**INFORMATION CIRCULAR**

THIS INFORMATION CIRCULAR CONTAINS INFORMATION AS AT OCTOBER 25, 2021 (unless otherwise noted).

**PERSONS MAKING THIS SOLICITATION OF PROXIES**

This Information Circular is furnished to you in connection with the solicitation of Proxies by management of Altaley Mining Corporation (the “**Company**”) for use at the Annual General and Special Meeting (the “**Meeting**”) of the shareholders of the Company to be held on November 30, 2021 for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof. The Company will conduct its solicitation primarily by mail and our officers, directors and employees may, without receiving special compensation, contact shareholders by telephone, electronic means or personal contact. We will not specifically engage employees or soliciting agent to solicit proxies. We will pay expenses of this solicitation.

*Due to the COVID19 Pandemic and given the restrictions on public gatherings and in the best interest of the health of all participants in the Company’s Meeting, the Company respectfully asks that all shareholders do not attend the Meeting in person. The Company requests that shareholders who wish to participate by listening to the Meeting, contact the Company by November 26, 2021 at [ralph@altaleymining.com](mailto:ralph@altaleymining.com) to be included in the teleconference for the Meeting. The Company will arrange for teleconference participation for all shareholders who have requested it by November 26, 2021. However, the Company strongly recommends that shareholders vote by Proxy or VIF in advance to ease the voting tabulation at the Meeting by Computershare Investor Services Inc. If public health guidelines regarding physical distancing in British Columbia have changed by the meeting date of November 30, 2021, the Company will issue a news release advising of permitted Meeting attendance in accordance with such updated guidelines.*

**COMPLETION AND VOTING OF PROXIES**

Voting at the Meeting will be by a show of hands, each shareholder having one vote, unless a poll is requested or required (if the number of shares represented by proxies that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting), in which case each shareholder is entitled to one vote for each share held. In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “ordinary resolution”) unless the motion requires a special resolution in which case a majority of two-thirds (2/3) of the votes cast will be required.

The persons named as proxyholders in the enclosed Proxy are directors or executive officers of the Company. **AS A SHAREHOLDER OR AN INTERMEDIARY HOLDING SHARES AND ACTING ON BEHALF OF AN UNREGISTERED SHAREHOLDER YOU HAVE THE RIGHT TO APPOINT A PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT ON YOUR BEHALF AT THE MEETING OTHER THAN THE PERSONS NAMED IN THE PROXY AS PROXYHOLDERS. TO EXERCISE THIS RIGHT, YOU OR THE INTERMEDIARY MUST STRIKE OUT THE NAMES OF THE PERSONS NAMED IN THE PROXY AS PROXYHOLDERS AND INSERT THE NAME OF YOUR NOMINEE IN THE SPACE PROVIDED OR COMPLETE ANOTHER PROXY.**

A shareholder or intermediary acting on behalf of a shareholder may indicate the manner in which the persons named in the enclosed Proxy are to vote with respect to any matter by checking the appropriate space. On any poll required by virtue of 5% or more of the outstanding shares of the Company being represented by proxies at the Meeting that are to be voted against a matter or by a shareholder or proxyholder requesting a poll, those persons will vote or withhold from voting the shares in respect of which they are appointed in accordance with the directions, if any, given in the Proxy provided such directions are certain.

If you or an intermediary acting on your behalf wishes to confer a discretionary authority with respect to any matter, then the space should be left blank. **IN SUCH INSTANCE, THE PROXYHOLDER, IF ONE PROPOSED BY MANAGEMENT, INTENDS TO VOTE THE SHARES REPRESENTED BY THE PROXY IN FAVOUR OF THE MOTION.** The enclosed Proxy, when properly signed, also confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting and with respect to other matters which may be properly brought before the Meeting. At the time of printing this Information Circular, our management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. If, however, other matters which are not now known to management should properly come before the Meeting, the persons named in the form of proxy intend to vote on such other business in accordance with their best judgment.

The Proxy must be dated and signed by you or by your attorney authorized in writing or by the intermediary acting on your behalf. In the case of a corporation, the Proxy must be executed under its corporate seal or signed by a duly authorized officer or attorney for the corporation.

COMPLETED PROXIES TOGETHER WITH THE POWER OF ATTORNEY OR OTHER AUTHORITY, IF ANY, UNDER WHICH IT WAS SIGNED OR A NOTARIALLY CERTIFIED COPY THEREOF MUST BE DEPOSITED WITH THE COMPANY'S TRANSFER AGENT, COMPUTERSHARE INVESTOR SERVICES INC., OF COMPUTERSHARE INVESTOR SERVICES INC., PROXY DEPT., 100 UNIVERSITY AVENUE, 8TH FLOOR, TORONTO, ONTARIO M5J 2Y1, FACSIMILE (WITHIN NORTH AMERICA) 1-866-249-7775 (OUTSIDE NORTH AMERICA) (416) 263-9524, BY FAX, HAND OR BY MAIL OR TO THE COMPANY'S HEAD OFFICE AT THE ADDRESS LISTED ON THE COVER PAGE OF THIS INFORMATION CIRCULAR, AT LEAST 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) BEFORE THE TIME OF THE MEETING OR ADJOURNMENT THEREOF. UNREGISTERED SHAREHOLDERS WHO RECEIVED THE PROXY THROUGH AN INTERMEDIARY MUST DELIVER THE PROXY IN ACCORDANCE WITH THE INSTRUCTIONS GIVEN BY SUCH INTERMEDIARY.

### REVOCATION OF PROXIES

If you are a registered shareholder who has returned a proxy, you may revoke your proxy at any time before it is exercised. In addition to revocation in any other manner permitted by law, a registered shareholder who has given a proxy may revoke it by either:

- (a) signing a proxy bearing a later date; or
- (b) signing a written notice of revocation in the same manner as the form of proxy is required to be signed as set out in the notes to the proxy.

The later proxy or the notice of revocation must be delivered to the office of the Company's registrar and transfer agent or to the Company's head office at any time up to and including the last business day before the scheduled time of the Meeting or any adjournment, or to the Chairman of the Meeting on the day of the Meeting or any adjournment.

If you are a non-registered shareholder who wishes to revoke a VIF or to revoke a waiver of your right to receive Meeting materials and to give voting instructions, you must give written instructions to your Nominee at least seven days before the Meeting.

### **ADVICE TO BENEFICIAL HOLDERS OF COMMON SHARES**

Only shareholders whose names appear on our records or validly appointed proxy holders are permitted to vote at the Meeting. Most of our shareholders are “non-registered” shareholders because their shares are registered in the name of a nominee, such as a brokerage firm, bank, trust company, trustee or administrator of a self-administered RRSP, RRIF, RESP or similar plan or a clearing agency such as CDS Clearing and Depository Services Inc. (a “**Nominee**”). If you purchased your shares through a broker, you are likely a non-registered shareholder.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to us are referred to as “NOBOs”. Those non-registered shareholders who have objected to their Nominee disclosing ownership information about themselves to us are referred to as “OBOs”.

In accordance with the securities regulatory policy, we will have distributed copies of the Meeting Materials, being the Notice of Meeting, this Information Circular, and the Proxy directly to NOBOs and to the Nominees for onward distribution to OBOs. **The Company does not intend to pay for a Nominee to deliver to OBOs, therefore an OBO will not receive the materials unless the OBO’s Nominee assumes the costs of delivery.**

Nominees are required to forward the Meeting materials to each OBO unless the OBO has waived the right to receive them. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered shareholder. Meeting materials sent to non-registered holders who have not waived the right to receive Meeting materials are accompanied by a request for voting instructions (a “**VIF**”), instead of a Proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered holder is able to instruct the registered shareholder (or Nominee) how to vote on behalf of the non-registered shareholder. VIF’s, whether provided by the Company or by a Nominee, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered holders to direct the voting of the shares of the Company which they beneficially own. Non-registered holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered. **Should a non-registered holder who receives a VIF wish to attend the Meeting or have someone else attend on his/her behalf, the non-registered holder may request (in writing) to the Company or its Nominee, as applicable, without expense to the non-registered holder, that the non-registered holder or his/her nominee be appointed as proxyholder and have the right to attend and vote at the Meeting.** Non-registered holders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.

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

None of the directors or executive officers of the Company, nor any person who has held such a position since the beginning of the last completed financial year of the Company, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors and the approval of the stock option plan, all described in this Information Circular, approval of which will be sought at the Meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS

The Company has only one class of shares entitled to be voted at the Meeting, namely, common shares without par value. All issued shares are entitled to be voted at the Meeting and each has one non-cumulative vote. As of October 25, 2021 there are 254,563,287 common shares issued and outstanding.

Persons who are registered shareholders at the close of business on October 25, 2021 will be entitled to receive notice of, attend and vote at the Meeting or any adjournment thereof.

### Principal Holders of Common Shares

To the knowledge of our directors and executive officers, no other person or company beneficially owns, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of all voting rights, other than as disclosed below:

Name	Approximate Number of Common Shares Beneficially Owned, Controlled or Directed	Percentage of Outstanding Common Shares
Estratégica Corporativa en Finanzas S.A.P.I de C.V. <sup>(1)(2)(3)</sup>	39,115,650	15.37%

- (1) Macro Holdings & Investments LLC holds a further 4,708,514 common shares and is controlled by the same underlying beneficial holder, Mr. Roberto Guzmán García.
- (2) Promotora de Sistemas de Información S.A.P.I de C.V. holds a further 15,720,000 common shares and has acted jointly with Estratégica Corporativa en Finanzas S.A.P.I de C.V. and Macro Holdings & Investments LLC.
- (3) Global Financial Services holds a further 3,105,000 common shares and is controlled by the same underlying beneficial holder, Mr. Roberto Guzmán García.

## ELECTION OF DIRECTORS

Directors are elected at each annual general meeting and will hold office until the next annual general meeting or until that person sooner ceases to be a director.

Shareholders will be asked to pass an ordinary resolution to set the number of directors at seven for the next year, subject to any increases permitted by the Company's Articles.

Unless you provide other instructions, the enclosed Proxy will be voted "FOR" the nominees listed below.

Management proposes to nominate the persons named in the table below for election as directors. Management does not contemplate that any of the nominees will be unable to serve as a director. If, before the Meeting, any vacancies occur in the slate of nominees below, the person named in the enclosed Proxy will exercise his/her discretionary authority to vote the shares represented by the Proxy for the election of any other person(s) as director.

The information concerning the proposed nominees has been furnished by each of them.

<b>Name, Jurisdiction of Residence &amp; Position</b>	<b>Present Principal Occupation</b>	<b>Director Since</b>	<b>Shares Owned<sup>(1)</sup></b>
Ralph Shearing North Vancouver, B.C. President, CEO, Corporate Secretary and Director	President and CEO of the Company	April 11, 1986	1,557,290 <sup>(2)</sup>
Roberto Guzmán García Yucatán, Mexico Director	Director of Bursamétrica Casa de Bolsa	October 26, 2018	63,555,644 <sup>(3)</sup>
Ruben Alvidrez Ortega Mexico City, Mexico Director	Vendor Management & Project Implementation Director	October 8, 2020	2,682,154
David Rhodes Almancil, Portugal Chairman and Director	Investment Banker	May 10, 2021	2,650,000 <sup>(4)</sup>
Natascha Kiernan West Vancouver, B.C. Director	Strategic Consultant and Independent Director	May 10, 2021	Nil
Mark H. Bailey Scottsdale, Arizona, USA Director	Mining Executive, Director and Professional Geologist	May 10, 2021	Nil
Tom Kelly Lima, Peru Director	Country Manager and Director of Antioquia Gold Inc.	May 10, 2021	Nil

- (1) The approximate number of shares of the Company carrying the right to vote in all circumstances beneficially owned, controlled or directed as of October 25, 2021. The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) Of these shares: 5,000 shares are owned by CMB Investments Ltd., a private company controlled by Mr. Shearing, 172,409 are owned by Mr. Shearing's spouse.
- (3) See the heading "Voting Shares and Principal Holders" for shares held by corporate entities controlled by Mr. Guzmán García.
- (4) These shares are owned by Endeavor Financial AG, a company controlled by David Rhodes

The Audit Committee is comprised of Mr. David Rhodes, Ms. Natascha Kiernan and Mr. Roberto Guzmán García.

### Director Biographies

#### **Ralph Shearing**

Ralph Shearing, Altaley's founder, is responsible for Altaley's public company management and compliance and overseeing the design of mineral exploration campaigns.

Mr. Shearing is a graduate of the University of British Columbia holding a B. Sc. Geology Degree. Since graduating in 1981, Mr. Shearing has practiced his profession as a professional geologist throughout Canada, and internationally. He has been directly involved in several world class exploration and development projects in British Columbia, Canada. During an active mineral exploration and development career, Mr. Shearing has gained hands-on experience in all aspects of mineral exploration, including, geophysics, geochemistry, geology, and diamond core drilling. As Altaley's long

-serving President and CEO, Mr. Shearing has guided Altaley through early to advanced exploration, overseeing NI 43-101 resource reporting, preparation of Preliminary Economic Assessment, and Pre-Feasibility Studies.

Mr. Shearing's experience managing and directing publicly listed companies over the last 32 years, combined with his practical experience in implementing major exploration projects, gives Altaley a director with unique insight, invaluable practical experience, and a well-rounded business approach to a junior resource company.

### **Roberto Guzmán Garcia**

Mr. Guzmán obtained a master's degree in Finance from the Universidad Tecnológica de Mexico in 1989 and has more than 25 years of experience in the Financial Sector, primarily in Mexico. Initially working as finance manager for several Mexican publicly traded companies, such as Finamex S.A. de C.V., Bursamex S.A. de C.V and Invermexico S.A. de C.V, as well as other private Mexican financial companies, including Unión de Crédito Metropolitana SA de CV, Soluciones Integral SA de CV and FOVISSTE. Mr. Guzmán is also a Director of Bursamétrica Casa de Bolsa, a Mexican brokerage firm.

Mr. Guzmán, an indirect controlling shareholder and insider of the Company is currently President, Director and major shareholder of the ESCORFIN Group, which owns several private equity funds that specialize in real estate development, energy innovations, and tourism investment in Mexico.

### **Ruben Alvidrez Ortega**

Mr. Alvidrez Ortega is an Industrial Engineer with a master's degree in Business Administration (MBA) at Notre Dame University. He has extensive experience in banking operations for commercial and corporate segments, specializing mainly in continuous improvement, risk and control, as well as project development and implementation. Since 1994 he worked in several roles with Citigroup, an international bank with approximately 33,000 employees in Mexico, working with corporate clients in the US and Mexico and leading teams of over 200 people. Mr. Alvidrez Ortega's last position in Citigroup was in February 2020, in the corporate segment as Senior Vice-President of Custody operations.

### **David Rhodes**

Mr. Rhodes' career in the finance industry has spanned more than twenty-five years. Mr. Rhodes is also the Managing Director of Endeavour Financial. Endeavour is one of the top mining financial advisory firms, with an award-winning record of accomplishment in the mining industry, specialising in arranging multi-sourced funding solutions for development companies. Endeavour additionally, has an asset management and developing insurance business. Prior to joining Endeavour over fourteen years ago, Mr. Rhodes was at Standard Bank London Limited, Barclays Capital and Royal Bank of Scotland. At Standard and Barclays, he sourced, structured, and syndicated finance for mining projects and companies on a global basis. Having lived and worked in London and New York he has international experience of the North/South American, European, CIS, and African markets. As a result, Mr. Rhodes has arranged over US\$18 billion of funding for mining companies.

### **Natascha Kiernan**

Ms. Kiernan is a lawyer, strategic consultant and public company director. She holds a JD from Columbia University and has approximately 18 years of experience specializing in transactions involving mining and other natural resources. Ms. Kiernan has held senior positions with several prominent international law firms, including in the New York and London offices of Skadden, Arps, Slate, Meagher & Flom, and was listed as a "Top 40 under 40" rising legal star by the Financial News.

She has advised governments, financial institutions and corporations in numerous complex, multi-billion-dollar financings and M&A transactions in jurisdictions around the globe. Ms. Kiernan brings extensive legal experience in mining as well as corporate governance expertise.

### **Mark H. Bailey**

Mr. Bailey is a mining executive and registered professional geologist with 44 years of industry experience. Mr. Bailey has B.Sc degree in Geology from the University of Washington and a M.Sc degree in Geology from Oregon State University. Between 1995 and 2012, Mr. Bailey was the President, Chief Executive Officer and a Director of Minefinders Corporation Ltd. ("Minefinders"), a precious metals mining company that discovered, developed and operated the multi-million ounce Dolores gold and silver mine in Mexico before being acquired by Pan American Silver Corp in 2012. Before joining Minefinders, Mr. Bailey held senior positions with Equinox Resources Inc., acquired by Hecla Mining in 1994 and Exxon Minerals Company. Since 1984, Mr. Bailey has worked as a consulting geologist with Mark H. Bailey & Associates LLC. Mr. Bailey is currently the non-executive Chairman of the Board of Entrée Resources Ltd., the non-executive Chairman of the Board of Fiore Gold Ltd. and was a director of Mason Resources Corp. until its acquisition by HudbayMinerals Inc. in 2018. Mr. Bailey was a director of Core Gold Ltd. until its acquisition by Titan Minerals Ltd. in 2020.

### **Tom Kelly**

Mr. Kelly has both Bachelors and Masters Degrees in mining engineering from the Colorado School of Mines, is a Fellow of the Australasian Institute of Mining and Metallurgy and a registered member of the Society for Mining, Metallurgy & Exploration. He serves as a Qualified Person for several minerals' companies in Canada and overseas. Mr. Kelly has over 40 years of worldwide experience with mineral industry leaders such as Freeport-McMoRan Copper & Gold, AMEC Americas and others. He has deep experience internationally in mine development, mine valuation, reserve estimation, junior company corporate management, being a corporate director and is fluent in Spanish. Mr. Kelly is currently a Director of Antioquia Gold Inc. and also serves as Country Manager for Antioquia Gold in Colombia. He splits his time between work in Colombia and Lima, Peru.

None of the Company's proposed directors (or any of their personal holding companies):

- (a) is, or during the ten years preceding the date of this Information Circular has been, a director, chief executive officer or chief financial officer of any company, including the Company, that, while that person was acting in that capacity:
  - (i) was the subject of a cease trade 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
  - (ii) was subject to an event that resulted, after the director or proposed management nominee ceased to be a director, chief executive officer or chief financial officer of the relevant company, being the subject of a cease trade order or similar order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
  - (iii) within a year of the proposed director nominee ceasing to be a director, chief executive officer or chief financial officer of the relevant company, 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; or

- (b) has, within the ten years preceding the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets of that individual.

None of the proposed directors (or any of their personal holding companies) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

## **EXECUTIVE COMPENSATION**

During the financial year ended December 31, 2020, the Company had three Named Executive Officers comprising of Ralph Shearing as the Company's President, Chief Executive Officer ("**CEO**"), and Corporate Secretary, Omar Garcia Abrego as the Company's Chief Financial Officer ("**CFO**"), and Enrique Margalef Vergara as the Company's Vice President of Corporate Development.

### **Compensation discussion and analysis**

#### *Compensation, Philosophy and Objectives*

The Company does not have a formal compensation program; however, it has established a Compensation & Nominations Committee to assist the Board of Directors in fulfilling its responsibility by reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Company and its subsidiaries in the context of the budget and business plan of the Company. The Compensation & Nominations Committee meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis.

The general objectives of the Company's compensation strategy are to: (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long term shareholder value; (b) align management's interests with the long term interest of shareholders; (c) provide a compensation package that is commensurate with other mining companies to enable the Company to attract and retain talent; and (d) to ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a company without a long history of revenues.

The Compensation & Nominations Committee ensures that total compensation paid to all Named Executive Officers is fair and reasonable. The Compensation & Nominations Committee relies on the experience of its members as officers and directors with other mining companies in assessing compensation levels.

The Compensation & Nominations Committee did not consider the implications of the risks associated with the Company's compensation practices; however, given the Company's size and nature of

compensation provided to its executives in the last financial year, the Compensation & Nominations Committee does not view significant risk that would be likely to have a material adverse effect on the Company.

The Company's management is not permitted to purchase financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities of the Company granted as compensation or held, directly or indirectly, by management.

#### *Analysis of Elements*

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

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

#### *Long Term Compensation and Option Based Awards*

The Company has no long term incentive plans other than the Stock Option Plan. The Company's directors, officers, consultants and employees are entitled to participate in the Stock Option Plan. The Stock Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Stock Option Plan aligns the interests of the Named Executive Officer and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company's common shares.

The Human Resources and Compensation Committee makes recommendations to the Board of directors with regard to granting options. The Board reviews the recommendations and determines whether or not to approve the option grants. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contributions to shareholder value, previous option grants and the objectives set for the Name Executive Officers and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Board also makes the following determinations:

- parties who are entitled to participate in the Stock Option Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than prescribed discount permitted by the TSX Venture Exchange (the "**Exchange**") from the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;

- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Stock Option Plan. The board of directors reviews and approves grants of options recommended by the Human Resources and Compensation Committee on an annual basis and periodically during a financial year.

Pursuant to the Company's Stock Option Plan, the Company's Board of Directors grants options to directors, officers, consultants and employees as incentives. The level of stock options awarded to a Named Executive Officer is determined by his position and his potential future contributions to the Company. The exercise price of stock options is determined by the Board of Directors but shall in no event be less than the trading price of the common shares of the Company on the Exchange at the time of the grant of the option. The Company did not grant stock options to Named Executive Officers during the year ended December 31, 2020.

### **Compensation Governance**

The Compensation & Nominations Committee determines an appropriate amount of compensation for its executives, reflecting the need to provide incentive and compensation for the time and effort expended by the executives while taking into account the financial and other resources of the Company. The Compensation & Nominations Committee consists of Mr. Roberto Guzmán Garcia (Chair), Mr. David Rhodes and Mr. Tom Kelly of which Mr. Kelly is an independent director (as that term is defined below).

The role of the Compensation & Nominations Committee is to assist the Board of Directors of the Company in fulfilling its responsibility by reviewing matters relating to the human resource policies and compensation of the directors, officers and employees of the Company and its subsidiaries within the context of the budget and business plan of the Company when applicable. This includes matters such as compensation philosophy and remuneration policy, Board retainer fees, performance objectives and evaluation of the CEO and President, compensation and benefit package for senior officers, proposed stock option or share purchase plans, bonuses, and the annual disclosure of compensation information as required by securities law.

The Compensation & Nominations Committee bears in mind the stage of development of the Company, the small number of executive officers and financial resources of the Company. These factors influence both the elements of compensation and the sophistication of the manner of their determination.

It is the objective of the Company's compensation program to attract and retain highly qualified executives and to link incentive compensation to performance and shareholder value. The Compensation & Nominations Committee's goal is to endeavour to ensure that the compensation of executive officers is sufficiently competitive to achieve the objectives of the executive compensation program. The Compensation & Nominations Committee gives consideration to the Company's contractual obligations, performance, quantitative financial objectives, including relative shareholder return, as well to the qualitative aspects of each individual's performance and achievements.

The Company's compensation program is comprised of base salary and benefits and long term incentives, including the Stock Option Plan. Each component of the executive compensation program is addressed below.



- (1) The amounts in this column consist of consulting and accounting fees charged by the Named Executive Officer during the financial years set forth above. Perquisites and other personal benefits have not been included as are not worth in aggregate more than \$50,000 or 10% of the Named Executive Officer's total annual salary.
- (2) Mr. Margalef Vergara resigned as a Director and the VP of Business Development of the Company effective May 10, 2021 and was appointed as Mexico Country Administration Manager effective May 10, 2021.
- (3) Mr. Berlanga Balderas resigned as CEO of the Company effective February 16, 2020, upon which Mr. Shearing became the CEO of the Company.

## Incentive Plan Awards

### Outstanding share-based awards and option-based awards

The following table discloses the particulars for each Named Executive Officer for awards outstanding at the end of December 31, 2020:

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 share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
<b>Ralph Shearing</b> President, CEO, Corporate Secretary and Director <sup>(2)</sup>	833,335	0.13	March 28, 2021	\$125,000	N/A	N/A
	366,667	0.71	November 13, 2022	Nil	N/A	N/A
<b>Omar Garcia</b> Abrego, CFO	375,000	0.13	March 28, 2021	\$56,250	N/A	N/A
	275,000	0.71	November 13, 2022	Nil	N/A	N/A
<b>Enrique Margalef Vergara</b> VP Business Development and Director <sup>(3)</sup>	750,000	0.13	March 28, 2021	\$112,500	N/A	N/A
	466,666	0.71	November 13, 2022	Nil	N/A	N/A
<b>Jose Antonio Berlanga Balderas</b> Former CEO <sup>(2)</sup>	970,731	0.13	March 28, 2021	\$145,610	N/A	N/A
	616,667	0.71	February 16, 2021	Nil	N/A	N/A

- (1) This amount is based on closing price at December 30, 2020, which was \$0.28.
- (2) Mr. Berlanga Balderas resigned as CEO of the Company effective February 16, 2020, upon which Mr. Shearing became the CEO of the Company.
- (3) Mr. Margalef Vergara resigned as a Director and the VP of Business Development of the Company effective May 10, 2021 and was appointed as Mexico Country Administration Manager effective May 10, 2021.

### Incentive Plan Awards - value vested or earned during the year

The following table sets forth details of the aggregate dollar value that would have been realized by the NEO's in the most recently completed financial year if the options under the option-based awards had been exercised on their respective vesting dates.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation– Value earned during the year (\$)
<b>Ralph Shearing</b> President, CEO and Corporate Secretary	Nil	N/A	N/A
<b>Omar Garcia Abrego</b> CFO	Nil	N/A	N/A
<b>Enrique Margalef Vergara</b> VP Business Development and Director	Nil	N/A	N/A
<b>Jose Antonio Berlanga Balderas</b> Former CEO	Nil	N/A	N/A

Stock options granted to NEOs are typically granted for a period of five years and have a vesting period as determined by the Board. No options were granted in 2020, and all previously granted options were already vested.

#### *Narrative Discussion - Stock Option Plan*

The only equity compensation plan which the Company currently has in place is the 2020 stock option plan (the “**2020 Plan**”) which was previously approved by shareholders on October 8, 2020 at the Company’s annual general meeting of shareholders. The 2020 Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company in accordance with and subject to the rules and policies of the Exchange. The purpose of the 2020 Plan is to increase the proprietary interest of such persons in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company.

Under the 2020 Plan, the total number of common shares allotted and reserved for future issuance will be equivalent to 10% of the issued and outstanding share capital of the Company from time to time. The Company is presently classified as a Tier 1 Issuer by the Exchange.

#### **Pension Plan Benefits**

The Company does not have in place any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

#### **Termination and change of control benefits**

The Company entered into an employment agreement with Ralph Shearing effective October 31, 2007, as amended effective August 1, 2008, and July 1, 2013 (the “**Shearing Agreement**”) under which Mr. Shearing receives a base salary of \$72,000 per annum. Further to an amendment of August 1, 2016 (which was then in effect for the balance of the financial year ended December 31, 2016), and October 1, 2017, the base salary was changed to \$120,000 and \$200,000 per annum respectively.

Under the terms of the Shearing Agreement, in the event of Mr. Shearing's death or as a result of Disability Termination (as that term is defined in the Shearing Agreement) the Company will pay and provide Mr. Shearing or his estate, any unpaid Base Salary and any outstanding and accrued regular and special vacation pay through the termination date and reimbursement for any unreimbursed expenses incurred through to the termination date.

Mr. Shearing is entitled to be paid a severance package consisting of an amount equal to two years' Base Salary in the event his employment is terminated other than for Just Cause (as that term is defined in the Shearing Agreement) or where Mr. Shearing provided the Company with written notice of resignation at any time within 12 months of a Change of Control (as that term is defined in the Shearing Agreement).

In the event of a Change of Control where Mr. Shearing's employment is terminated other than for Just Cause in the twelve-month period following the Change of Control, Mr. Shearing is entitled to receive an amount equal to two times the sum of the Base Salary, payable within 30 days and the contributions to twelve month's benefits.

The following table shows the estimated compensation that would have been payable to Mr. Shearing assuming termination and/or Change of Control events occurred on December 31, 2020:

<b>Payment Upon Death or Disability Termination<sup>(1)</sup></b>	<b>Payment Upon Termination after Change of Control Other than for Just Cause<sup>(2)</sup></b>	<b>Payment Upon Resignation after Change of Control<sup>(2)</sup></b>	<b><i>Payment Upon Termination without Cause</i></b>
\$92,822	\$492,822	\$500,022	\$492,822

(1) This amount assumes that there was no unpaid Base Salary or reimbursement for any unreimbursed expenses. It does include accrued unpaid vacation pay.

(2) This amount is based on the following assumptions:

- (a) Mr. Shearing receives the Base Payment as compensation; and
- (b) the contributions to twelve months' benefits are approximately \$7,200.

Other than as set out above, there are no compensatory plans or arrangements, with respect to the any Named Executive Officer resulting from the resignation, retirement or any other termination of employment of the officer's employment or from a change of any Named Executive Officers' responsibilities following a change in control.

### **Compensation of Directors**

As at the date of this Information Circular, the Company has seven directors, one of which is also a Named Executive Officer.

The Company currently does not pay directors who are not employees or officers of the Company for attending directors' meetings or for serving on committees. The Company has no arrangements, standard or otherwise, pursuant to which directors are compensated by the Company for their services as directors, for committee participation, or for involvement in special assignments during the most recently completed financial year. None of the Company's directors have received any cash compensation for services provided in their capacity as directors during the Company's financial year ended December 31, 2020.

During the financial year ended December 31, 2020 the following compensation was granted to our directors. For a description of the compensation paid to the Named Executive Officers of the Company who also acted as directors, see “Summary Compensation Table”.

Name	Fees earned (\$)	Share based awards (\$)	Option based awards (\$) <sup>(1)</sup>	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$) <sup>(2)</sup>	Total (\$)
Yao Sun <sup>(3)</sup>	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Roberto Guzmán Garcia	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Rory Godinho <sup>(4)</sup>	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Ruben Alvidrez Ortega <sup>(5)</sup>	Nil	N/A	Nil	N/A	N/A	Nil	Nil
Remigio Martinez Muller <sup>(6)</sup>	Nil	N/A	Nil	N/A	N/A	Nil	Nil

(1) The value of the option-based award was determined using the Black-Scholes option pricing model.

(2) The value of perquisites and benefits, if any, for each director was less than the lesser of \$50,000 and 10% of the total annual salary and bonus.

(3) Mr. Sun resigned as a director of the Company effective May 10, 2021.

(4) Mr. Godinho resigned as a director of the Company effective May 10, 2021.

(5) Mr. Alvidrez Ortega became a director on October 8, 2020.

(6) Mr. Muller resigned as a director of the Company on August 31, 2020.

### Incentive Plan Awards

The following table discloses the particulars for each director for awards outstanding at the end of December 31, 2020:

#### 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 share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
Yao Sun <sup>(2)</sup>	500,000 75,000	0.13 0.71	March 28, 2021 November 13, 2022	\$75,000	N/A	N/A
Roberto Guzmán Garcia	Nil	N/A	N/A	Nil	N/A	N/A

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 share or units of shares that have not vested (#)	Market of payout value of share-based awards that have not vested (\$)
Rory Godinho <sup>(3)</sup>	100,000 400,000	0.71 0.77	November 13, 2022 April 16, 2023	Nil	N/A	N/A
Ruben Alvidrez Ortega	Nil	N/A	N/A	Nil	N/A	N/A
Remigio Martinez Muller <sup>(4)</sup>	500,000	0.71	August 31, 2021	Nil	N/A	N/A

(1) This amount is based on the closing price on December 30, 2020, which was \$0.28.

(2) Mr. Sun resigned as a director of the Company effective May 10, 2021.

(3) Mr. Godinho resigned as a director of the Company effective May 10, 2021.

(4) Mr. Muller resigned as a director of the Company on August 31, 2020.

#### Incentive Plan Awards – value vested or earned during the year

The following table sets forth details of the aggregate dollar value that would have been realized by the directors, who are not NEOs in the most recently completed financial year if the options under the option-based awards had been exercised on their respective vesting dates.

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation– Value earned during the year (\$)
Yao Sun <sup>(1)</sup>	Nil	Nil	Nil
Roberto Guzmán Garcia	Nil	Nil	Nil
Rory Godinho <sup>(2)</sup>	Nil	Nil	Nil
Ruben Alvidrez Ortega	Nil	Nil	Nil
Remigio Martinez Muller <sup>(3)</sup>	Nil	Nil	Nil

(1) Mr. Sun resigned as a director of the Company effective May 10, 2021.

(2) Mr. Godinho resigned as a director of the Company effective May 10, 2021.

(3) Mr. Muller resigned as a director of the Company on August 31, 2020.

No options were granted by the Company in 2020, and all previously granted options were already vested.

#### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table provides information as of the financial year ending December 31, 2020 regarding the number of common shares to be issued pursuant to the Company's stock option plan. The Company's stock option plan was approved by its shareholders at its last annual general meeting held on October 8, 2020.

Plan Category	Number of Common Shares to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options	Number of Common Shares remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders:	8,692,166	\$0.36	9,584,496
Equity compensation plans not approved by security holders	Nil	N/A	N/A
<b>Total</b>	8,692,166	\$0.36	9,584,496

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Company, or proposed nominees for election as director of the Company or associates or affiliates of such persons are or have been indebted to the Company at any time since the beginning of the Company's last completed financial year.

### INTERESTS OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein, since the commencement of the Company's most recently completed financial year, no informed person of the Company, nominee for director or any associate or affiliate of an informed person or nominee, had any material interest, direct or indirect, in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. An "informed person" means: (a) a director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company; (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10% of the voting rights other than voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself, if and for so long as it has purchased, redeemed or otherwise acquired any of its shares.

### AUDIT COMMITTEE

As at the date hereof, the Audit Committee is comprised of Mr. David Rhodes, Ms. Natascha Kiernan and Mr. Roberto Guzmán Garcia. All members of the Audit Committee with the exception of Mr. Rhodes and Mr. Guzman Garcia, are "independent" as defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110"), and all of the members of the Audit Committee are "financially literate". Mr. Rhodes is not considered independent because he is an officer of the Company and Mr. Guzman Garcia is an indirect controlling shareholder of the Company.

The text of the Audit Committee Charter is attached below:

#### **Charter of the Audit Committee of the Board of Directors of Altaley Mining Corporation (the "Company")**

The Audit Committee is appointed by the board of directors of the Company (the "Board") to oversee the accounting and financial reporting process of the Company and audits of the financial statements of the Company. The Audit Committee's primary duties and responsibilities are to:

- (a) recommend to the Board 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;
- (b) recommend to the Board the compensation of the external auditor;
- (c) 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;
- (d) pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor;
- (e) review the Company's financial statements, MD&A and annual and interim earnings press releases before the Company publicly discloses this information;
- (f) be satisfied that adequate procedures are in place for the review of all other public disclosure of financial information extracted or derived from the Company's financial statements, and to periodically assess the adequacy of those procedures;
- (g) 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; and
- (h) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

The Board and management will ensure that the Audit Committee has adequate funding to fulfill its duties and responsibilities.

#### Relevant Education and Experience

Each member of the Audit Committee has:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

Biographies for each of the Audit Committee members is above under the Director biographies.

#### Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors 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 and the effective date of NI 52-110, the Company has not relied on the exemptions contained in:

- (a) section 2.3 (De Minimis Non-audit Services),
- (b) subsection 6.1.1(4) (Circumstance Affecting the Business or Operations of the Venture Issuer), and
- (c) subsection 6.1.1(5) (Events Outside Control of Member).

#### Pre-Approval Policies and Procedures

The Company has not adopted specific policies and procedures for the engagement of non-audit services. The Audit Committee will review the engagement of non-audit services as required.

#### Audit Fees

The aggregate fees unbilled/billed by the Company's external auditor for financial years ended December 31, 2020 for audit and services were approximately \$172,500 (December 31, 2019 - \$150,000).

#### Tax Fees

The aggregate fees unbilled/billed for professional services rendered by the issuer's external auditor for tax compliance and preparation of tax returns for the financial year ended December 31, 2020 were approximately \$Nil (December 31, 2019 - \$Nil).

#### All Other Fees

The Company's external auditor did not provide any additional services during the financial years ended December 31, 2020 or December 31, 2019, and accordingly no other fees were charged.

#### Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 by virtue of the fact that it is a venture issuer. Section 6.1 exempts the Company from the requirements of Parts 3 (*Composition of the Audit Committee*) and 5 (*Reporting Obligations*) of NI 52-110 and allows for the short form of disclosure of audit committee procedures set out in Form 52-110F2 and disclosed in this Information Circular.

## CORPORATE GOVERNANCE

The following is a summary of the Company's corporate governance disclosure required by Form 58-101F2 of National Instrument 58-101 *Disclosure of Corporate Governance Practices*.

### Board of Directors

The Board, at present, is composed of seven directors, one of which is an executive officer of the Company and six of whom are considered to be "independent", as that term is defined in applicable securities legislation. Each of Mr. Alvidrez Ortega, Ms. Kiernan, Mr. Bailey and Mr. Kelly is considered to be an independent director. Mr. Shearing, by reason of being the President, CEO and Corporate Secretary of the Company, is not independent. Mr. Rhodes, by reason of being the Chairman of the Company, is not independent. See "*Management Contracts*". Mr. Guzmán Garcia by reason of being an indirect controlling shareholder of the Company, is not independent. In determining whether a director is independent, the Board chiefly considers whether the director has a relationship which could or could be perceived to interfere with the director's ability to objectively assess the performance of management.

### Board Mandate

The Board is responsible for approving long-term strategic plans and annual operating plans and budgets recommended by management. Board consideration and approval is also required for material contracts and business transactions, and all debt and equity financing transactions.

The Board delegates to management responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company's business in the ordinary course, managing the Company's cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board also looks to management to furnish recommendations respecting corporate objectives, long-term strategic plans and annual operating plans.

### Directorships

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

Name of Director	Other reporting issuer (or equivalent in a foreign jurisdiction)
Ralph Shearing	Nil
Roberto Guzmán Garcia	Nil
Ruben Alvidrez Ortega	Nil
David Rhodes	Empress Royalty Corp.; Orsu Metals Corp.
Natascha Kiernan	Soma Gold Corp.; Empress Royalty Corp.
Mark H. Bailey	Entrée Resources Ltd.; Fiore Gold Ltd.
Tom Kelly	Antioquia Gold Inc.

## **Orientation and Continuing Education**

The Company has not yet developed an official orientation or training program for new directors. As required, new directors will have the opportunity to become familiar with the Company by meeting with the other directors and with officers and employees. Orientation activities will be tailored to the particular needs and experience of each director and the overall needs of the Board.

## **Ethical Business Conduct**

The Board monitors the ethical conduct of the Company and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Board has found that the fiduciary duties placed on individual directors by the Company's governing corporate legislation and the common law, as well as the restrictions placed by applicable corporate legislation on the individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

## **Nomination of Directors**

The Board has appointed a Compensation & Nominations Committee.

## **Compensation**

The Compensation & Nominations Committee is responsible for determining all forms of compensation, including long-term incentive in the form of stock options, to be granted to the CEO and President of the Company and the directors, and for reviewing the CEO and President's recommendations respecting compensation of the other officers of the Company, to ensure such arrangements reflect the responsibilities and risks associated with each position. When determining the compensation of its officers, the Compensation & Nominations Committee considers: (a) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (b) providing fair and competitive compensation; (c) balancing the interests of management and the Company's shareholders; and (d) rewarding performance, both on an individual basis and with respect to operations in general.

## **Committees of the Board of Directors**

The Board has appointed an Audit Committee, the members of which are Ms. Kiernan, Mr. Garcia and Mr. Rhodes. A description of the function of the Audit Committee can be found in this Information Circular under the heading "*Audit Committee*" above.

The Board has also appointed a Compensation & Nominations Committee, the members of which are Mr. Rhodes, Mr. Kelly and Mr. Guzmán Garcia; a Corporate Governance Committee, the members of which are Mr. Rhodes, Mr. Bailey and Ms. Kiernan; and a Technical Committee, the members of which are Mr. Shearing, Mr. Kelly and Mr. Bailey.

## **Assessments**

The Board has not, as yet, adopted formal procedures for assessing the effectiveness of the Board, its Audit Committee or individual directors.

## APPOINTMENT OF AUDITORS

The persons named in the enclosed Proxy will vote for the re-appointment of Grant Thornton LLP, Chartered Professional Accountants, Suite 1600, 333 Seymour Street, Vancouver, BC, V6B 0A4, as auditors for the Company to hold office until the next annual general meeting of the shareholders, at a remuneration to be fixed by the directors.

Grant Thornton LLP has acted as the Company's auditor since January 2021. In accordance with applicable securities laws, the Company is attaching its change of auditor package as Schedule "A" to this Information Circular.

## MANAGEMENT CONTRACTS

Management services for the Company are not, to any material degree, performed by persons other than the directors and executive officers of the Company.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Incentive Stock Option Plan

The only equity compensation plan which the Company currently has in place is the 2020 stock option plan (the "**2020 Plan**") which was previously approved by shareholders on October 8, 2020. The 2020 Plan was established to provide incentive to employees, directors, officers, management companies and consultants who provide services to the Company. The Exchange policies respecting the granting of stock options requires that all companies listed on the Exchange adopt a stock option plan and that any stock option plans that reserve a maximum of 10% of the issued and outstanding share capital of the Company at the time of grant (a "**Rolling Plan**"), must be approved and ratified by shareholders on an annual basis. The 2020 Plan was a Rolling Plan and the Company seeks shareholder approval for a renewal of the 2020 Plan, as the Company's 2021 Plan (the "**2021 Plan**") in accordance with and subject to the rules and policies of the Exchange. The intention of management in proposing the 2021 Plan is to increase the proprietary interest of such persons in the Company and thereby aid the Company in attracting, retaining and encouraging the continued involvement of such persons with the Company.

It is proposed that under the 2021 Plan, which will be subject to approval by the Exchange, the total number of common shares allotted and reserved for future issuance will be equivalent to 10% of the issued and outstanding share capital of the Company from time to time. The Company is presently classified as a Tier 1 Issuer by the Exchange.

### Terms of the 2021 Plan

A full copy of the 2021 Plan will be available at the Meeting for review by shareholders. Shareholders may also obtain copies of the 2021 Plan from the Company prior to the Meeting on written request. The following is a summary of the material terms of 2021 Plan:

**Number of Shares Reserved.** The number of common shares reserved for issuance under the 2021 Plan is 10% of the number of common shares outstanding at any given time.

**Administration.** The 2021 Plan is to be administered by the Board of Directors of the Company or by a committee to which such authority is delegated by the Board of Directors from time to time.

**Eligible Persons.** The 2021 Plan provides that stock options may be issued only to directors, officers, employees and consultants and part-time dependent contractors of the Company or of any of its affiliates or subsidiaries, to employees of consultant companies providing management or administrative services to the Company, and to consultant companies themselves. Such persons and entities are referred to herein as “Eligible Persons”.

**Board Discretion.** The 2021 Plan provides that, generally, the number of shares subject to each option, the exercise price, the expiry time, the extent to which such option is exercisable and other terms and conditions relating to such options shall be determined by the Board of Directors of the Company or any committee to which such authority is delegated by the Board of Directors from time to time.

**Maximum Term of Options.** Options granted under the 2021 Plan will be for a term not exceeding ten years from the date of grant.

**Maximum Options per Person.** The number of shares reserved for issuance to any one option holder pursuant to options granted under the 2021 Plan during any twelve-month period may not exceed 5% (or, in the case of a consultant, 2%) of the outstanding shares of the Company at the time of grant. The number of shares reserved for issuance to consultants and employees who are engaged in investor relations activities is limited to an aggregate of 2% of the outstanding shares of the Company at the time of grant.

**No Assignment.** The options may not be assigned or transferred.

**Termination Prior to Expiry.** If an optionee ceases to be a director, officer, employee or consultant for any reason other than death, then such optionee’s option will terminate within a reasonable period to be determined by the administrator of the 2021 Plan (the “**Exercise Period**”) commencing on the effective date the optionee ceases to be employed by or provide services to the Company (but only to the extent that such option has vested on or before the date the optionee ceased to be so employed or provide services to the Company) as provided for in the written option agreement between the Company and the optionee, and all rights to purchase shares under such option will expire as of the last day of such Exercise Period, provided however that the maximum Exercise Period shall be three months, unless the optionee has entered into a valid employment or consulting agreement that provides for a longer Exercise Period, but in no case shall the Exercise Period be greater than 1 (one) year unless prior Exchange approval has been given.

**Exercise Price.** Options granted under the terms of the 2021 Plan will be exercisable at a price which is not less than the Discounted Market Price, as that term is defined in the Exchange policy manual as of the date hereof, or such other minimum price as is permitted by the Exchange in accordance with its policies from time to time.

**Full Payment for Shares.** The Company will not issue shares pursuant to options granted under the 2021 Plan unless and until the shares have been fully paid for. The Company will not provide financial assistance to option holders to assist them in exercising their options.

**Reduction of Exercise Price.** The exercise price of stock options granted to Insiders may not be decreased without disinterested shareholder approval (as described above).

**Termination of Plan.** The 2021 Plan will terminate pursuant to a resolution of the Board or the Company’s shareholders.

At the Meeting, shareholders will be asked to pass an ordinary resolution approving the 2021 Plan in the following form:

**“IT IS RESOLVED THAT:**

1. The Company adopt a 2021 Stock Option Plan (the “Plan”), including the reserving for issuance under the Plan at any time of a maximum of 10% of the issued common shares of the Company;
2. The Board of Directors be authorized on behalf of the Company to make any further amendments to the Plan as may be required by regulatory authorities, without further approval of the shareholders of the Company, in order to ensure adoption of the Plan;
3. The Company file the Plan with the TSX Venture Exchange for acceptance; and
4. Any one director or officer of the Company is authorized and directed to do all such acts and things and to execute and deliver all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to this resolution.”

In order to be effective, the foregoing ordinary resolutions must be approved by a simple majority of the votes cast by those shareholders of the Company who, being entitled to do so, vote in person or by proxy at the Meeting in respect of such resolution.

**Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the 2021 Plan.**

The Directors of the Company believe the passing of the foregoing ordinary resolution is in the best interests of the Company and recommend that shareholders of the Company vote in favor of the resolution.

**AMENDMENT TO STOCK OPTION PRICING**

The board of directors of the Company resolved to approve a proposal to the holders of outstanding options whereby, the exercise price of the options will be reduced to \$0.30 per share (the “**Proposal**”). The Company has made an application to the TSX Venture Exchange with respect to the Proposal.

The table below summarizes shareholdings of the “insiders” of the Company prior to completion of the Proposal. For the purposes of approving the Proposal at the Meeting, the votes cast by the following “insiders” will be excluded from the total vote:

<b>Name of Shareholder</b>	<b>Number of Common Shares</b>	<b>Percentage of Common Shares Outstanding as of October 25, 2021</b>
Ralph Shearing	1,557,290	0.61%
Omar Garcia	375,000	0.15%
Enrique Margalef	3,189,542	1.25%
Rory Godinho / Miller Thomson	305,667	0.12%
Rory Godinho	-	-
Yao Sun	2,338,000	0.94%

Name of Shareholder	Number of Common Shares	Percentage of Common Shares Outstanding as of October 25, 2021
<b>TOTAL</b>	<b>7,815,499</b>	<b>3.07%</b>

The following table sets forth details of the Proposal and the amended terms of the options for each “insider” of the Company:

Name of Optionee	No. of Optioned Shares	Amended Exercise Price	Original Date of Grant	Current Expiry Date
Ralph Shearing	366,667	\$0.30	November 13, 2017	November 13, 2022
Omar Garcia	275,000	\$0.30	November 13, 2017	November 13, 2022
Enrique Margalef	466,666	\$0.30	November 13, 2017	November 13, 2022
Rory Godinho / Miller Thomson	400,000	\$0.30	April 16, 2018	April 16, 2023
Rory Godinho	100,000	\$0.30	November 13, 2017	November 13, 2022
Yao Sun	75,000	\$0.30	November 13, 2017	November 13, 2022
<b>TOTAL</b>	<b>1,683,333</b>			

At the Meeting, the disinterested shareholders of the Company (being all shareholders represented at the Meeting excluding votes cast by the “insiders” listed in the table above) will be asked to consider the amendment of the exercise price as indicated in the table above.

Accordingly, the shareholders will be asked at the Meeting to pass an ordinary resolution of the disinterested shareholders of the Company in the following terms:

“RESOLVED THAT, the proposal to amend the exercise price of the stock options granted to “insiders” as set forth in the Information Circular dated October 25, 2021, be and is hereby approved”

This resolution requires the approval of a simple majority (50% plus one vote) of the votes cast by the disinterested shareholders of the Company, who, being entitled to, vote in person or by proxy at a general meeting of the Company.

**Management of the Company recommends that the shareholders vote in favour of the amendment to the stock options granted to Insiders and the persons named in the enclosed form of proxy intend to vote for such approval at the Meeting unless otherwise directed by the shareholders appointing them.**

#### ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 1111 Melville Street, Suite 1000, Vancouver, BC, V6E 3V6 (Telephone: (604) 684-8071) to request copies of the Company’s financial statements and MD&A. Financial information about the Company is contained in the Company’s comparative audited financial statements and MD&A for its year ended December 31, 2020.

DATED this 25<sup>th</sup> day of October, 2021.

ON BEHALF OF THE BOARD OF DIRECTORS

*“Ralph Shearing”*

Ralph Shearing  
President, CEO, Corporate Secretary, and Director

**SCHEDULE "A"**  
**CHANGE OF AUDITOR PACKAGE**

*[Please see attached]*

**Notice Of Change Of Auditor**  
**Pursuant to National Instrument 51-102 (Part 4.11)**

TO: Davidson & Company LLP  
AND TO: Grant Thornton LLP  
AND TO: British Columbia Securities Commission  
Alberta Securities Commission

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In accordance with National Instrument 51-102, please be advised as follows:

1. At the request of Telson Mining Corporation (the "Company") Davidson & Company LLP (the "Former Auditor") resigned as auditors of the Company effective January 13, 2021. Grant Thornton LLP (the "Successor Auditor") has been appointed as the auditor of the Company effective January 13, 2021.
2. The termination of the Former Auditor and the proposed appointment of Grant Thornton LLP as the Successor Auditor was considered and approved by the Audit Committee and the Board of Directors of the Company.
3. There were no reservations in the Former Auditor's Reports on the Company's consolidated financial statements for the two most recently completed fiscal years nor for any period subsequent thereto for which an audit report was issued and preceding the date hereof.
4. In the opinion of the Company, there were no "Reportable Events," as defined in National Instrument 51-102 (Part 4.11).

DATED this 13<sup>th</sup> day of January 2021.

ON BEHALF OF Telson Mining Corporation:

"Omar Garcia Abrego"  
Omar Gracia Abrego, CFO

January 14, 2021

**British Columbia Securities Commission  
Alberta Securities Commission**

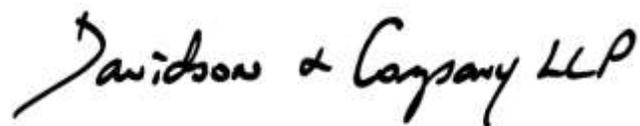
Dear Sirs / Mesdames

**Re: Telson Mining Corporation (the "Company")  
Notice Pursuant to NI 51 – 102 of Change of Auditor**

In accordance with National Instrument 51-102, we have read the Company's Change of Auditor Notice dated January 13, 2021 and agree with the information contained therein, based upon our knowledge of the information at this date.

Should you require clarification or further information, please do not hesitate to contact the writer.

Yours very truly,



**DAVIDSON & COMPANY LLP**  
Chartered Professional Accountants

**cc: TSX Venture Exchange**





British Columbia Securities Commission  
Alberta Securities Commission

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**Grant Thornton LLP**  
Suite 1600  
333 Seymour Street  
Vancouver, BC  
V6B 0A4  
T +1 604 687 2711  
F +1 604 685 6569

January 13, 2021

Re: **Telson Mining Corporation (the “Company”)**  
**Notice of Change of Auditor**

This is to advise that in connection with National Instrument 51-102 – *Continuous Disclosure Obligations (Part 4.11)*, we have read the Company’s notice of change of auditors dated January 13, 2021 and based on our knowledge at the time, we are in agreement with the statements contained in the notice.

Yours sincerely,  
Grant Thornton LLP

A handwritten signature in black ink that reads "Grant Thornton LLP" in a cursive script.

Chartered Professional Accountants

cc: Telson Mining Corporation