

X-TERRA RESOURCES INC.

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS
September 21, 2020**

TAKE NOTICE that an Annual and Special Meeting of shareholders (the “**Meeting**”) of X-TERRA RESOURCES INC. (the “**Corporation**”) will be held:

Place: X-Terra Resources Inc.
147, avenue Québec (Back Door)
Rouyn-Noranda, Québec J9X 6M8

Date: September 21, 2020

Time: 2:00 p.m.

The purposes of the Meeting are to:

1. Receive and consider the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2019 and the auditors’ report thereon;
2. Elect directors;
3. Appoint auditors and authorize the directors to fix their remuneration;
4. Consider, and if deemed advisable to adopt, a resolution in the form annexed as Schedule B to the Management Information Circular, ratifying, approving and confirming the Stock Option Plan of the Corporation; and
5. Transact such other business as may properly be brought before the Meeting.

Only persons registered as shareholders on the records of the Corporation as of the close of business on August 17, 2020 are entitled to receive notice of, and to vote or act at, the Meeting. No person who becomes a shareholder after the Record Date will be entitled to vote or act at the Meeting or any adjournment thereof.

If you are unable to attend the Meeting in person, please date, complete and sign the enclosed form of proxy and deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A shareholder may also vote using the Internet at www.investorvote.com or by telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on September 17, 2020 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

DATED at Rouyn-Noranda, Québec
August 21, 2020

BY ORDER OF THE BOARD OF DIRECTORS

(signed) Michael Ferreira

Michael Ferreira
President and Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation by management of X-Terra Resources Inc. (the “Corporation”) of proxies to be used at the Annual and Special Meeting of shareholders of the Corporation (the “Meeting”) to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of the Corporation may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Corporation. Pursuant to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”), arrangements have been made with clearing agencies, brokerage houses and other financial intermediaries to forward proxy-related materials to beneficial owners of the shares. See “Appointment and Revocation of Proxies – Notice to Beneficial Shareholders of Shares” below.

INTERNET AVAILABILITY OF PROXY-RELATED MATERIALS

Notice-and-Access

Rules adopted by the Canadian securities administrators, known as the “notice and access” (“Notice-and-Access”) distribution option, allow companies to send to shareholders who do not hold shares of the Corporation in their own names (referred to herein as “Beneficial Shareholders”) a notice to the effect that proxy materials are available via the internet, rather than mailing full sets of proxy materials to them. This year, the Corporation chose to mail full sets of proxy materials to shareholders. “Proxy-Related Materials” refers to this Circular, the Notice of Meeting and a voting instruction form (for Beneficial Shareholders) or a form of proxy (for shareholders that hold their shares directly or indirectly in their respective names (referred to herein as “Registered Shareholders”).

In the future, the Corporation may take advantage of the Notice-and-Access distribution option. If in the future the Corporation chooses to send such notices to shareholders, the notices will contain instructions on how shareholders can gain access to the Corporation’s notice of meeting and management proxy circular via the internet. The notices will also contain instructions on how shareholders can ask that proxy materials be delivered to them electronically or in printed form on a one-time or ongoing basis.

APPOINTMENT AND REVOCATION OF PROXIES

Appointment of Proxy

A Registered Shareholder who is unable to attend the Meeting in person is requested to complete and sign the enclosed form of proxy and to deliver it to Computershare Investor Services Inc. (i) by mail or hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or (ii) by facsimile to 416-263-9524 or 1-866-249-7775. A Registered Shareholder may also vote using the internet at www.investorvote.com or telephone at 1-866-732-8683. In order to be valid and acted upon at the Meeting, the form of proxy must be received no later than 5:00 p.m. (eastern time) on September 17, 2020 or be deposited with the Secretary of the Corporation before the commencement of the Meeting or any adjournment thereof.

The document appointing a proxy must be in writing and executed by the Registered Shareholder or his attorney authorized in writing or, if the Registered Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

A Registered Shareholder submitting a form of proxy has the right to appoint a person (who need not be a shareholder) to represent him or her at the Meeting other than the persons designated in the form of proxy furnished by the Corporation. To exercise that right, the name of the Registered Shareholder’s appointee should be legibly printed in the blank space provided. In addition, the Registered Shareholder should notify the appointee of his or her appointment, obtain his or her consent to act as appointee and instruct him or her on how the Registered Shareholder’s shares are to be voted.

Shareholders who are not Registered Shareholders should refer to “Notice to Beneficial Holders of Shares” below.

Revocation of Proxy

A Registered Shareholder who has submitted a form of proxy as directed hereunder may revoke it at any time prior to the exercise thereof. If a Registered Shareholder who has given a proxy personally attends the Meeting at which that proxy is to be voted, that Registered Shareholder may revoke the proxy and vote in person. In addition to the revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Registered Shareholder or his attorney or authorized agent and deposited with (i) Computershare Investor Services Inc. at any time up to 5:00 p.m. (eastern time) on September 17, 2020 by mail or by hand delivery to Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by facsimile to 416-263-9524 or 1-866-249-7775, (ii) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or (iii) with the Secretary of the Corporation before the commencement of the Meeting, or any adjournment thereof, and upon any such deposit, the proxy will be revoked.

Notice to Beneficial Shareholders

The information set out in this section is of significant importance to many shareholders, as a substantial number of shareholders are Beneficial Shareholders and do not hold shares of the Corporation in their own names. Beneficial Shareholders should note that only proxies deposited by Registered Shareholders (shareholders whose names appear on the records of the Corporation as the registered holders of shares) can be recognized and acted upon at the Meeting or any adjournment(s) thereof. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder's name on the records of the Corporation. Those shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, the vast majority of those shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can be voted (for or against resolutions or withheld from voting) only upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. Subject to the following discussion in relation to NOBOs (as defined below), the Corporation does not know for whose benefit the shares of the Corporation registered in the name of CDS & Co., a broker or another nominee, are held.

There are two categories of Beneficial Shareholders for the purposes of applicable securities regulatory policy in relation to the mechanism of dissemination to Beneficial Shareholders of Proxy-Related Materials and other securityholder materials and the request for voting instructions from such Beneficial Shareholders. Non-objecting beneficial owners ("NOBOs") are Beneficial Shareholders who have advised their intermediary (such as brokers or other nominees) that they do not object to their intermediary disclosing ownership information to the Corporation, consisting of their name, address, e-mail address, securities holdings and preferred language of communication. **Securities legislation restricts the use of that information to matters strictly relating to the affairs of the Corporation.** Objecting beneficial owners ("OBOs") are Beneficial Shareholders who have advised their intermediary that they object to their intermediary disclosing such ownership information to the Corporation.

NI 54-101 permits the Corporation, in its discretion, to obtain a list of its NOBOs from intermediaries and use such NOBO list for the purpose of distributing the Proxy-Related Materials directly to, and seeking voting instructions directly from, such NOBOs. As a result, the Corporation is entitled to deliver the Proxy-Related Materials to Beneficial Shareholders in two manners: (a) directly to NOBOs and indirectly through intermediaries to OBOs; or (b) indirectly to all Beneficial Shareholders through intermediaries. In accordance with the requirements of NI 54-101, the Corporation is sending the Proxy-Related Materials directly to NOBOs and indirectly through intermediaries to OBOs. The cost of the delivery of the Proxy-Related Materials by intermediaries to OBOs will be borne by the Corporation.

Applicable securities regulatory policy requires intermediaries, on receipt of Proxy-Related Materials that seek voting instructions from Beneficial Shareholders indirectly, to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings on Form 54-101F7 (Request for Voting Instructions Made by Intermediary). Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting or any adjournment(s) thereof. Often, the form of request for voting instructions supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to Registered Shareholders; however, its purpose is limited to instructing the Registered Shareholder how to vote on behalf of the Beneficial Shareholder. Beneficial Shareholders who wish to appear in person and vote at the Meeting should be appointed as their own representatives at the Meeting in accordance with the directions of their intermediaries and Form 54-101F7. Beneficial Shareholders can also write the name of someone else whom they wish to attend at the Meeting and vote on their behalf. Unless prohibited by law, the person whose name is written in the space provided in Form 54-101F7 will have full authority to present matters to the Meeting and vote on all matters that are presented at the Meeting, even if those matters are not set out in Form 54-101F7 or this Circular.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). In forwarding the Proxy-Related Materials to Beneficial Shareholders, Broadridge typically includes a voting instruction form in lieu of the form of proxy that some intermediaries employ. Beneficial Shareholders are requested to complete and return the voting instruction form to Broadridge by mail or facsimile. Alternatively, Beneficial Shareholders can call a toll-free telephone number to vote the shares held by them or access Broadridge’s dedicated voting website at <https://central-online.proxyvote.com> to deliver their voting instructions. Broadridge will then provide aggregate voting instructions to Computershare Investor Services Inc., the Corporation’s transfer agent and registrar, which tabulates the results and provides appropriate instructions respecting the voting of shares to be represented at the Meeting or any adjournment(s) thereof.

EXERCISE OF DISCRETION BY PROXIES

Shares represented by properly-executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted for the: (i) election of directors; (ii) appointment of auditors; and (iii) resolution ratifying, approving and confirming the Stock Option Plan of the Corporation as stated under such headings in this Circular. Instructions with respect to voting will be respected by the persons designated in the enclosed form of proxy. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such shares will be voted by the persons so designated in their discretion. At the time of printing this Circular, management of the Corporation knows of no such amendments, variations or other matters.

VOTING SHARES

As at August 21, 2020, there were 71,266,550 issued and outstanding common shares of the Corporation. Each common share entitles the holder thereof to one vote. The Corporation has fixed August 17, 2020 as the record date (the “**Record Date**”) for the purpose of determining shareholders entitled to receive notice of the Meeting. Pursuant to the *Canada Business Corporations Act*, the Corporation is required to prepare, no later than ten days after the Record Date, an alphabetical list of shareholders entitled to vote as of the Record Date that shows the number of shares held by each shareholder. A shareholder whose name appears on the list referred to above is entitled to vote the shares shown opposite his or her name at the Meeting. A shareholder of record on the Record Date will be entitled to vote those shares included in the list of shareholders entitled to vote at the Meeting, even though the shareholder may subsequently dispose of his or her shares. No shareholder who has become a shareholder after the Record Date will be entitled to attend or vote at the Meeting or any adjournment(s) thereof. The list of shareholders is available for inspection during usual business hours at the registered office of the Corporation, 147 Avenue Québec, Back door, Rouyn-Noranda, Québec, and at the Meeting.

PRINCIPAL SHAREHOLDERS

As at August 21, 2020 to the best knowledge of the Corporation, no person beneficially owned or exercised control or direction over, directly or indirectly, more than 10% of the issued and outstanding common shares of the Corporation.

PRESENTATION OF FINANCIAL STATEMENTS

The audited annual consolidated financial statements for the fiscal year of the Corporation ended December 31, 2019 will be placed before the Meeting. The audited annual financial statements of the Corporation are included in the Corporation’s 2019 Annual Report which was mailed to shareholders who requested the Annual Report and which is also available on SEDAR at www.sedar.com. Additional copies of the 2019 Annual Report may be obtained from the Corporation upon request and will be available at the Meeting.

ELECTION OF DIRECTORS

The Board of Directors currently consists of six directors. The persons named in the enclosed form of proxy intend to vote for the election of the six nominees whose names are set forth below. Each director will hold office until the next annual meeting of shareholders or until the election of his successor, unless he resigns or his office becomes vacant by removal, death or other cause.

The following table sets out the name of each of the persons proposed to be nominated for election as director, all other positions and offices with the Corporation now held by such person, his municipality of residence and principal occupation, the year in which such person became a director of the Corporation, and the number of common shares of the Corporation

that such person has advised are beneficially owned or over which control or direction is exercised by such person as at the date indicated below.

Name, municipality of residence and position with the Corporation	Principal occupation	First year as director	Number of shares to be beneficially owned or over which control will be exercised as at August 21, 2020
Michael F. Ferreira Rouyn-Noranda, Québec President, Chief Executive Officer and Chairman of the Board of Directors	President and Chief Executive Officer of the Corporation	2013	860,000
Sylvain Champagne ⁽¹⁾ Rouyn-Noranda, Québec Chief Financial Officer, Secretary and Director	Financial Consultant	2013	570,000
Jean-François Madore ⁽¹⁾⁽²⁾ Rouyn-Noranda, Québec Director	Financial Planner Industrial Alliance, Assurance et Services Financiers Inc. (securities dealer)	2013	141,000
Sébastien Bellefleur ⁽¹⁾⁽²⁾ Montreal, Québec Director	Partner Fasken Martineau DuMoulin LLP (law firm)	2013	Nil
Dr. Michael Byron ⁽²⁾ Sudbury, Ontario Director	President and Chief Executive Officer of Nighthawk Gold Corp. (mining exploration company)	2016	Nil
Kim Oishi Vancouver, British Columbia Director	Founder and President of Grand Rock Capital Inc., a private company that invests in high growth companies, and provides consulting services for investor relations, corporate finance, business development, mergers and acquisitions.	2018	1,030,000

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance and Nominating Committee.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

Each of the directors has previously been elected a director of the Corporation at a shareholders' meeting for which an information circular was issued.

The information as to shares beneficially owned or over which the above-named individuals exercise control or direction is not within the knowledge of the Corporation and has been furnished by the respective nominees individually.

None of the foregoing nominees for election as director of the Corporation:

- (a) is, or within the last ten years has been, a director, chief executive officer or chief financial officer of any company that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under applicable securities legislation, and which in all cases was in effect for a period of more than 30 consecutive days (an "Order"), which Order

was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer of such company; or

- (ii) 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 of such company; or
- (b) is, or within the last ten years has been, a director or executive officer of any company that, while the proposed director was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the last ten years, 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 his assets.

None of the foregoing nominees for elections as director of the Corporation has been subject to:

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

COMPENSATION OF EXECUTIVE OFFICERS AND DIRECTORS

Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Corporation's executive compensation objectives and process and to discuss compensation relating to each person who acted as President and Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and the three most highly-compensated executive officers (or three most highly-compensated individuals acting in a similar capacity), other than the CEO and CFO, whose total compensation was more than \$150,000 in the Corporation's last financial year (each a "Named Executive Officer" or "NEO" and collectively the "Named Executive Officers"). For the fiscal year ended December 31, 2019 the Corporation had three Named Executive Officers, namely, the CEO (Michael F. Ferreira), the CFO (Sylvain Champagne) and Michel Chapdelaine, the former Vice President, Exploration and Development of the Corporation.

Compensation Philosophy and Objectives

In light of the Corporation's current stage of development, it does not have a formal compensation program. The Board of Directors meets to discuss and determine management compensation without reference to formal criteria. The general objective of the Corporation's compensation is to: (i) 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; (ii) align management's interests with the long-term interests of shareholders; (iii) provide a compensation package that is commensurate with other junior mining exploration companies in order to enable the Corporation to attract and retain talent; and (iv) ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Corporation operates by virtue of the fact that it is a junior mining exploration company without a history of earnings.

Compensation Process

The Board of Directors does not have a Compensation Committee. The Board of Directors, as a whole, ensures that total compensation paid to all Named Executive Officers is fair and reasonable and accomplishes the following long-term objectives:

- produce long-term, positive results for the Corporation's shareholders;

- align executive compensation with corporate performance; and
- provide market-competitive compensation and benefits that will enable the Corporation to recruit, retain and motivate the executive talent necessary to be successful.

The Board of Directors also relies on the experience of its members as officers and directors with other junior mining exploration companies in assessing compensation levels.

Analysis of Elements

The compensation paid to Named Executive Officers is comprised of two main components: base salary and long-term incentives, comprised of stock options (“**Options**”) granted pursuant to the Corporation’s Stock Option Plan adopted by the Board of Directors on April 17, 2014, as amended on April 29, 2019 and August 21, 2020 (the “**Stock Option Plan**”). The following discussion describes the components of compensation and discusses how each component relates to the Corporation’s overall executive compensation objective. The Corporation believes that:

- base salaries provide an immediate cash incentive for the Corporation’s Named Executive Officers and should be at levels competitive with peer companies that compete with the Corporation for business opportunities and executive talent; and
- Options ensure that the Named Executive Officers are motivated to achieve long-term growth of the Corporation and continuing increases in shareholder value, and provide capital accumulation linked directly to the Corporation’s performance.

The Corporation places equal emphasis on base salary and Options as short-term and long-term incentives, respectively.

Base Salaries

The Named Executive Officers receive a base salary which is based primarily on the level of responsibility of the position, the qualifications and experience of the officer and market conditions. The base salary may be paid to the NEO or a company controlled by the NEO in the form of a consulting fee.

The base salaries of the Named Executive Officers are reviewed annually to ensure that they take into account the following factors: market and economic conditions, levels of responsibility and accountability of each NEO, skill and competencies of each individual, retention considerations, and level of demonstrated performance.

Base salaries, including that of the CEO, are reviewed by the Board of Directors on the basis of its opinion as to a fair and responsible compensation package, taking into account the contribution of the CEO to the Corporation’s long-term growth and the knowledge of the members of the Board of Directors with respect to remuneration practices in Canada.

Long-Term Incentive Plans and Stock Option Plan

The Corporation has no long-term incentive plans other than the Stock Option Plan. The Corporation provides long-term incentive compensation to its Named Executive Officers through the Stock Option Plan. The Board of Directors grants Options from time to time based on its assessment of the appropriateness of doing so in light of the long-term strategic objectives of the Corporation, its current stage of development, the need to retain or attract particular key personnel, the number of Options already outstanding and overall market conditions. The Board of Directors views the granting of Options as a means of promoting the success of the Corporation and higher returns to its shareholders. As such, the Board of Directors does not grant Options in excessively dilutive numbers or at exercise prices not reflective of the Corporation’s underlying value. During the fiscal year ended December 31, 2019, the Corporation granted 725,000 Options to its Named Executive Officers. These Options have an exercise price of \$0.10 per common share and have an expiry date of June 27, 2029. See section “Ratification and Confirmation of the Amendments to the Stock Option Plan” below for a description of the Stock Option Plan.

Group Benefits/Perquisites

The officers of the Corporation do not benefit from any life, medical, long-term disability or other insurance. None of the officers benefit from a retirement plan.

External Compensation Consultants

During the fiscal years ended December 31, 2019 and 2018, the Corporation did not retain the services of executive compensation consultants to assist the Board of Directors in determining compensation for any of the Corporation's Named Executive Officers or directors.

Assessment of Risks Associated with the Corporation's Compensation Policies and Practices

The Board of Directors has assessed the Corporation's compensation plans and programs for its executive officers to ensure alignment with the Corporation's business plan and to evaluate the potential risks associated with those plans and programs. The Board of Directors has concluded that the compensation policies and practices do not create any risks that are reasonably likely to have a material adverse effect on the Corporation.

The Board of Directors considers the risks associated with executive compensation and corporate incentive plans when designing and reviewing such plans and programs.

The Corporation has not adopted a policy restricting its Named Executive Officers or directors from purchasing financial instruments that are designated to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by its Named Executive Officers or directors. To the knowledge of the Corporation, none of the Named Executive Officers or directors has purchased such financial instruments.

Summary of the Compensation of the Named Executive Officers and directors

The following table provides information for the fiscal years ended December 31, 2019 and 2018 regarding compensation paid to or earned by the Named Executive Officers and directors, excluding compensation securities.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Michael F. Ferreira President, Chief Executive Officer and Director	2019	102,000 ⁽¹⁾	—	—	—	—	102,000
	2018	103,100 ⁽¹⁾	—	—	—	—	103,100
Sylvain Champagne Chief Financial Officer and Director	2019	83,310 ⁽²⁾	—	—	—	—	83,310
	2018	72,310 ⁽²⁾	—	—	—	—	72,310
Jean-François Madore Director	2019	—	—	—	—	—	—
	2018	—	—	—	—	—	—
Sébastien Bellefleur Director	2019	—	—	—	—	—	—
	2018	—	—	—	—	—	—
Dr. Michael Byron Director	2019	—	—	—	—	—	—
	2018	—	—	—	—	—	—
Kim Oishi ⁽³⁾ Director	2019	—	—	—	—	—	—
	2018	—	—	—	—	—	—
Michel Chapdelaine ⁽⁴⁾ Former Vice President, Exploration and Development and Director	2019	39,371 ⁽⁵⁾	—	—	—	—	39,371
	2018	94,000 ⁽⁵⁾	—	—	—	—	94,000

(1) During the fiscal years ended December 31, 2019 and 2018, the Corporation retained the services of a company controlled by Mr. Ferreira to provide consulting services. For the fiscal years ended December 31, 2019 and 2018, the amounts paid to the company controlled by Mr. Ferreira for such services were \$102,000 and \$103,100, respectively.

(2) During the fiscal years ended December 31, 2019 and 2018, the Corporation retained the services of a company controlled by Mr. Champagne to provide financial and administrative consulting services. For the fiscal years ended December 31, 2019 and 2018, the amounts paid to the company controlled by Mr. Champagne for such services were \$83,310 and \$72,310, respectively.

(3) Mr. Oishi was appointed as a director of the Corporation on November 9, 2018.

(4) Mr. Chapdelaine resigned as Vice President, Exploration and Development and as director of the Corporation on April 18, 2019.

(5) During the fiscal years ended December 31, 2019 and 2018, the Corporation retained the services of a company controlled by Mr. Chapdelaine to provide consulting services. For the fiscal years ended December 31, 2019 and 2018, the amounts paid to the company controlled by Mr. Chapdelaine for such services were \$39,371 and 94,000, respectively.

Stock Options and Other Compensation Securities

The following table sets out the details of all compensation securities granted or issued to the Named Executive Officers and directors during the year ended December 31, 2019, the Corporation's most recently-completed financial year.

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 (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Michael F. Ferreira ⁽¹⁾ President, Chief Executive Officer and Director	Options	400,000	June 27, 2019	0.10	0.08	0.115	June 27, 2029
Sylvain Champagne ⁽²⁾ Chief Financial Officer and Director	Options	325,000	June 27, 2019	0.10	0.08	0.115	June 27, 2029
Jean-François Madore ⁽³⁾ Director	Options	125,000	June 27, 2019	0.10	0.08	0.115	June 27, 2029
Sébastien Bellefleur ⁽³⁾ Director	Options	125,000	June 27, 2019	0.10	0.08	0.115	June 27, 2029
Dr. Michael Byron ⁽³⁾ Director	Options	125,000	June 27, 2019	0.10	0.08	0.115	June 27, 2029
Kim Oishi Director ⁽⁴⁾	Options	300,000	June 27, 2019	0.10	0.08	0.115	June 27, 2029

- (1) Mr. Ferreira held 815,000 Options with respect to 815,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.
- (2) Mr. Champagne held 725,000 Options with respect to 725,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.
- (3) Each of Messrs. Madore, Bellefleur and Byron held 265,000 Options with respect to 265,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.
- (4) Mr. Oishi held 300,000 Options with respect to 300,000 common shares of the Corporation on the last day of the most-recently completed financial year of the Corporation.

The following table sets out, for each Named Executive Officer and director, the exercise of compensation securities during the year ended December 31, 2019, the Corporation's most recently-completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Michael F. Ferreira President, Chief Executive Officer and Director	—	—	—	—	—	—	—
Sylvain Champagne Chief Financial Officer and Director	—	—	—	—	—	—	—
Jean-François Madore Director	—	—	—	—	—	—	—
Sébastien Bellefleur Director	—	—	—	—	—	—	—
Dr. Michael Byron Director	—	—	—	—	—	—	—
Kim Oishi Director	—	—	—	—	—	—	—
Michel Chapdelaine ⁽¹⁾ Former Vice President, Exploration and Development and Director	—	—	—	—	—	—	—

(1) Mr. Chapdelaine resigned as a Vice President, Exploration and Development and as director of the Corporation on April 18, 2019.

As of the date of this Circular, there is no other employment contract between the Corporation and an officer, and there is no plan or compensation mechanism in favor of an officer which could be triggered following a retirement, termination or a change of control.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out certain details as at December 31, 2019, the end of the Corporation's last fiscal year, with respect to compensation plans pursuant to which equity securities of the Corporation are authorized for issuance.

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under the Equity Compensation Plans (excluding securities reflected in column (a)) (c)
Equity compensation plans previously approved by shareholders	2,960,000	\$0.155	273,170
Equity compensation plans not previously approved by shareholders	—	—	—

The options referred to in the table above were granted under the Stock Option Plan. See “Compensation of Executive Officers and Directors - Long-Term Incentive Plans and Stock Option Plan” above for the material terms and conditions of the Stock Option Plan.

INFORMATION ON THE AUDIT COMMITTEE

Charter of the Audit Committee

The Charter of the Audit Committee is annexed to this Circular as Schedule A.

Composition of the Audit Committee

The Audit Committee is composed of Jean-François Madore (Chair), Sébastien Bellefleur and Sylvain Champagne. Under National Instrument 52-110 *Audit Committees*, a director of an Audit Committee is “independent” if he has no direct or indirect material relationship with the issuer, that is, a relationship which could, in the view of the Board of Directors, reasonably be expected to interfere with the exercise of the member’s independent judgment. The Board of Directors has determined that Jean-François Madore and Sébastien Bellefleur are independent members of the Audit Committee. The Board of Directors considers that Sylvain Champagne is not an independent member of the Audit Committee within the meaning of National Instrument 52-110 *Audit Committees* in that Mr. Champagne is a senior officer of the Corporation.

The Board of Directors has determined that each of the three (3) members of the Audit Committee is “financially literate” within the meaning of section 1.6 of National Instrument 52-110 *Audit Committees*, that is, each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

Education and Relevant Experience

The education and related experience of each of the members of the Audit Committee that is relevant to the performance of his responsibilities as a member of the Audit Committee is set out below.

Jean-François Madore – Director

Jean-François Madore is a financial planner and currently wealth-manager specialist with Industrial Alliance, Assurance et Services Financiers Inc. Mr. Madore has acquired 18 years of experience in the financial industry, with particular expertise in financial planning and risk management. He obtained a degree in financial planning in 2001 from the Institute of Canadian Bankers. He is a registered financial planner and financial security advisor. Mr. Madore is also involved in the industry as a member of the board of the “Institut Québécois de planification financière”.

Sébastien Bellefleur – Director

Sébastien Bellefleur is a partner in the Montreal office of Fasken Martineau DuMoulin LLP. Mr. Bellefleur specializes in business law, more specifically in securities, mergers, acquisitions, corporate governance and mining law. He also helps set up funding, whether in the form of loans or equity financings. He has implemented a number of complex transactions on behalf of public and private corporations, such as the purchase, sale, funding and restructuring of businesses throughout Canada and abroad. He has represented issuers and brokers in connection with initial public offerings and other distributions of equity securities and debt instruments, as well as securities investments such as prospectus offerings and private placements. He has played a role in several corporate reorganizations, restructurings, takeover bids and proxy solicitations for shareholders’ meetings. A major portion of his practice consists of advising public corporations of the obligations imposed on them by regulatory authorities, such as corporate governance, and assisting them in their interactions with the market and securities authorities. Over the course of his practice, he has also acquired specific expertise on legal issues relating to the mining industry. Mr. Bellefleur is regularly called upon to represent mining exploration companies, and advises them through the process of discovering deposits in Canada and elsewhere, as well as bringing them into production. He is a specialist in the legal issues with which mining exploration companies are often faced.

Sylvain Champagne – Chief Financial Officer and Director

Sylvain Champagne is Chief Financial Officer of the Corporation. Mr. Champagne holds a B.B.A. degree from the Université du Québec in Abitibi-Témiscamingue. During the last five years, Mr. Champagne's principal occupation has been financial consultant. Mr. Champagne has extensive experience in the mining exploration industry, serving as Chief Financial Officer of Visible Gold Mines Inc. and Fokus Mining Corporation (formerly Fieldex Exploration Inc.), companies listed on the TSX Venture Exchange. Mr. Champagne was the Chief Financial Officer and a director of X-Terra Resources Corporation (now Norvista Capital Corporation) from March 2008 to June 2014, a company which was also listed on the TSX Venture Exchange.

Pre-approval Policies and Procedures for Audit Services

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

External Auditor Fees

(a) Audit Fees

"Audit fees" consist of fees for professional services for the audit of the Corporation's annual financial statements, assistance with interim financial statements, and related matters. PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, the Corporation's external auditors, billed the Corporation \$43,155 in audit fees during the fiscal year ended December 31, 2019 and billed the Corporation \$39,900 in audit fees during the fiscal year ended December 31, 2018.

(b) Audit-Related Fees

"Audit-related fees" consist of fees for professional services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and which are not reported under "Audit Fees" above. PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, the Corporation's external auditors, did not bill the Corporation any audit-related fees during the fiscal years ended December 31, 2019 and 2018.

(c) Tax Fees

"Tax fees" consist of fees for professional services for tax compliance, tax advice and tax planning. PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, the Corporation's external auditors, did not bill the Corporation any tax fees during the fiscal years ended December 31, 2019 and 2018.

(d) All Other Fees

PricewaterhouseCoopers LLP, Chartered Accountants, the Corporation's external auditors, did not bill the Corporation any fees for other services during the fiscal year ended December 31, 2019 and billed the Corporation \$5,250 in fees for other services during the fiscal year ended December 31, 2018.

Reliance on Exemption

The Corporation is relying on the exemption set out in section 6.1 of National Instrument 52-110 *Audit Committees* with respect to certain reporting obligations.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No person who is, or who was at any time during the fiscal year ended December 31, 2019, a director, executive officer or senior officer of the Corporation or a subsidiary thereof, and no person who is a nominee for election as a director of the Corporation, and no associate of such persons, is, or was at any time since the beginning of the fiscal year ended December 31, 2019, indebted to the Corporation or a subsidiary of the Corporation, nor has any such person been indebted at any time since the beginning of the fiscal year ended December 31, 2019 to any other entity where such indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or a subsidiary of the Corporation.

RATIFICATION AND CONFIRMATION OF THE AMENDMENTS TO THE STOCK OPTION PLAN

The Stock Option Plan of the Corporation was established by the Board of Directors of the Corporation effective April 17, 2014 and approved by the shareholders of the Corporation on May 27, 2014. On January 6, 2016, the Board of Directors amended the Stock Option Plan so as to add a provision that limits the aggregate number of options that can be granted to insiders of the Corporation within a 12 month period to 10% of the issued and outstanding common shares of the Corporation at the date an option is granted. On April 29, 2019, the Stock Option Plan was further amended to be changed from a “rolling” stock option plan to a fixed amount plan pursuant to which a maximum of 3,573,170 common shares was issuable under the Stock Option Plan. On May 11, 2020, the Stock Option Plan was again amended to increase the maximum number of common shares issuable under the Stock Option Plan to 6,216,710. On August 21, 2020, the Board of Directors approved another amendment to the Stock Option Plan in order to increase the maximum number of common shares reserved for issuance thereunder to a number equal to 10% of the total number of issued and outstanding common shares of the Corporation from time to time. Further to this amendment, the number of common shares which may be reserved under the Stock Option Plan automatically increases or decreases as the number of issued and outstanding common shares of the Corporation increases or decreases. This is known as a “rolling” stock option plan. The Stock Option Plan amendment is subject to all regulatory approvals being obtained, including that of the TSX Venture Exchange.

Under TSX Venture Exchange Policy 4.4 Incentive Stock Options, an amendment to the Stock Option Plan to turn into a “rolling” stock option plan must receive shareholder approval. In addition a “rolling” stock option plan must receive shareholder approval yearly, at the annual meeting of shareholders. Accordingly, shareholders will be asked to adopt a resolution in the form annexed hereto as Schedule B, ratifying, approving and confirming the Stock Option Plan. In order to be adopted, the resolution must be approved by a majority of the votes cast by the holders of the common shares, either present in person or represented by proxy at the Meeting. **Unless otherwise specified, the persons named in the accompanying form of proxy intend to vote FOR the resolution ratifying and confirming the Stock Option Plan.**

The following are the material terms and conditions of the Stock Option Plan:

- (a) the Board of Directors of the Corporation may grant Options to employees, officers and directors of, and consultants to, the Corporation and its subsidiaries;
- (b) the maximum number of common shares that may be issued under the Stock Option Plan must not exceed 10% of the total number of outstanding common shares of the Corporation at the date of the grant of options;
- (c) the total number of common shares reserved for issuance upon the exercise of options by any one person cannot exceed, during any twelve-month period, 5% of the number of outstanding common shares of the Corporation;
- (d) the total number of the common shares reserved for issuance upon the exercise of options by any one consultant cannot exceed, during any twelve-month period, 2% of the number of outstanding common shares of the Corporation;
- (e) the total number of the common shares reserved for issuance upon the exercise of options by any employee conducting investor-relation activities cannot exceed, during any twelve-month period, 2% of the number of outstanding common shares of the Corporation;
- (f) the aggregate number of options that can be granted to insiders of the Corporation, as a group, within a 12 month period, must not exceed 10% of the issued and outstanding common shares of the Corporation at the date an option is granted to any insider, unless the approval of the disinterested shareholders of the Corporation is obtained;
- (g) the exercise price of options is determined by the Board of Directors at the time options are granted, but cannot be less than the closing price of the common shares on the trading day immediately preceding the day on which an option is granted, less any applicable discounts permitted by the TSX Venture Exchange;
- (h) subject to the requirements of the TSX Venture Exchange, the Board of Directors of the Corporation has the discretion to set the terms of any vesting schedule for each option granted, including discretion to:
 - (a) permit partial vesting in stated percentage amounts based on the length of time between the date on

- which an option is granted and the expiry date of such option; and (b) permit full vesting after a stated period of time has passed from the date on which an option is granted;
- (i) options expire a maximum of ten years after the date of grant, as determined by the Board of Directors of the Corporation;
 - (j) if an optionee ceases to be eligible under the Stock Option Plan for cause, all options held by the optionee lapse on that date;
 - (k) if an optionee dies, any option held by the optionee may be exercised at the latest on the date of expiry of the option or one year after the date of death, whichever occurs first, after which the option lapses;
 - (l) if an optionee ceases to be eligible under the Stock Option Plan otherwise than for cause or death, any option held by the optionee may be exercised for a period of 90 days after the date of such ineligibility (30 days in the case of an optionee performing investor-relation activities), after which the option lapses;
 - (m) the option exercise price is payable in full at the time an option is exercised;
 - (n) options are not assignable, other than by the laws of succession, provided that, subject to prior approval of the Board of Directors of the Corporation and the TSX Venture Exchange, an option may be assigned to a corporation controlled by an optionee;
 - (o) if the Corporation is required under the *Income Tax Act* (Canada) or any other applicable law to remit to any governmental authority an amount on account of tax on the value of any taxable benefit associated with the exercise of an option by an optionee, then the optionee shall, concurrently with the exercise of the option:
 - (i) pay to the Corporation, in addition to the exercise price for the options, sufficient cash as is determined by the Corporation, in its sole discretion, to be the amount necessary to fund the required tax remittance;
 - (ii) authorize the Corporation, on behalf of the optionee, to sell in the market, on such terms and at such time or times as the Corporation determines, in its sole discretion, such portion of the common shares of the Corporation being issued upon exercise of the option as is required to realize cash proceeds in an amount necessary to fund the required tax remittance; or
 - (iii) make other arrangements acceptable to the Corporation, in its sole discretion, to fund the required tax remittance; and
 - (p) in the event that a bona fide offer for the common shares of the Corporation is made to shareholders generally, outstanding options may be exercised in whole or in part so as to permit the optionee to tender the common shares issued upon such exercise.

APPOINTMENT OF AUDITORS

Except where authorization to vote with respect to the appointment of auditors is withheld, the persons named in the accompanying form of proxy intend to vote for the appointment of PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, as the auditors of the Corporation. PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, have been the auditors of the Corporation since its inception in November 2013.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

None of the directors or executive officers of the Corporation, none of the persons who have been directors or executive officers of the Corporation at any time since January 1, 2019, none of the proposed nominees for election as a director of the Corporation and none of the associates or affiliates of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter scheduled to be acted upon at the Meeting other than the election of directors and the ratification.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No “informed person” of the Corporation, that is: (a) the directors and executive officers of the Corporation; (b) any person who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the Corporation’s outstanding voting shares; (c) any director or executive officer of a person referred to in (b) above; or (d) any associate or affiliate of any “informed person” of the Corporation, has any material interest, direct or indirect, in any transaction since January 1, 2019 in any proposed transaction which has materially affected or could materially affect the Corporation, or in any matter to be acted upon at this Meeting, other than as follows:

During the fiscal year ended December 31, 2019:

- (a) the Corporation retained the services of a company controlled by Michael Ferreira to provide consulting services. For the fiscal year ended December 31, 2019, the total amount paid to the company for such services was \$102,000. Mr. Ferreira is the President and Chief Executive Officer of the Corporation;
- (b) the Corporation retained the services of a company controlled by Sylvain Champagne to provide financial and administrative consulting services. For the fiscal year ended December 31, 2019, the total amount paid to the company for such services was \$83,310. Mr. Champagne is the Chief Financial Officer of the Corporation; and
- (c) the Corporation retained the services of a company controlled by Michel Chapdelaine to provide consulting services. For the fiscal year ended December 31, 2019, the total amount paid to the company for such services was \$39,371. Mr. Chapdelaine is Vice President, Exploration and Development of the Corporation. Mr. Chapdelaine resigned as Vice-President, Exploration and as director of the Corporation on April 18, 2019.

OTHER MATTERS

Management of the Corporation knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* provides, in effect, that a registered holder or beneficial owner of shares that is entitled to vote at an annual meeting of the Corporation may submit to the Corporation notice of any matter that the person proposes to raise at the meeting (referred to as a “**Proposal**”) and discuss at the meeting any matter in respect of which the person would have been entitled to submit a Proposal. The *Canada Business Corporations Act* further provides, in effect, that the Corporation must set out the Proposal in its management information circular along with, if so requested by the person who makes the Proposal, a statement in support of the Proposal by such person. However, the Corporation will not be required to set out the Proposal in its management information circular or include a supporting statement if, among other things, the Proposal is not submitted to the Corporation at least 90 days before the anniversary date of the notice of meeting that was sent to the shareholders in connection with the previous annual meeting of shareholders of the Corporation. As the notice in connection with the Meeting is dated August 21, 2020, the deadline for submitting a proposal to the Corporation in connection with the next annual meeting of shareholders is May 22, 2021.

The foregoing is a summary only; shareholders should carefully review the provisions of the *Canada Business Corporations Act* relating to Proposals and consult with a legal advisor.

CORPORATE GOVERNANCE PRACTICES

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices* set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer, such as the Corporation, must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Corporation’s required annual disclosure of its corporate governance practices.

1. Board of Directors

Disclose how the board of directors facilitates its exercise of independent supervision over management, including:

- (a) *the identity of directors who are independent; and*
- (b) *the identity of directors who are not independent, and the basis for that determination.*

The Board of Directors considers that Jean-François Madore, Dr. Michael Byron, Kim Oishi and Sébastien Bellefleur are independent within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees*.

The Board of Directors considers that Michael F. Ferreira and Sylvain Champagne are not independent within the meaning of section 1.4 of National Instrument 52-110 *Audit Committees* in that Messrs. Ferreira and Champagne are senior officers of the Corporation.

Four of the six directors are independent; the Board of Directors is thus composed of a majority of independent directors. Meetings of the Board of Directors are chaired by Michael F. Ferreira, the Chairman of the Board of Directors. If necessary, the independent members of the Board of Directors can meet without non-independent directors and members of management present. Important matters are discussed within the Audit Committee of the Board of Directors, which is comprised for the most part of independent directors. These factors allow the Board to preserve its independence with respect to management of the Corporation and to exercise its independent supervision over management.

2. Directorships

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

The following directors or proposed nominee for election as director are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

Name of Director	Issuer
Sylvain Champagne	Fokus Mining Corporation Visible Gold Mines Inc.
Sébastien Bellefleur	Visible Gold Mines Inc.
Dr. Michael Byron	Anaconda Mining Inc. Luxxfolio Holdings Inc. Magna Terra Minerals Inc. Nighthawk Gold Corp.
Kim Oishi	Data Technology Corporation

3. Orientation and Continuing Education

Describe what steps, if any, the board takes to orient new board members, and describe any measures the board takes to provide continuing education for directors.

The Corporation does not currently have a formal orientation program for new directors. The Board of Directors has not taken any measures to provide continuing education for the directors.

4. Ethical Business Conduct

Describe what steps, if any, the board takes to encourage and promote a culture of ethical business conduct.

In light of the Corporation's stage of development and its limited number of employees, the Board of Directors has not taken formal steps to encourage and promote a culture of ethical business conduct. The Corporation does take measures to ensure that the directors do not trade in the Corporation's shares at a time when disclosure of material information is pending.

5. Nomination of Directors

Disclose what steps, if any, are taken to identify new candidates for board nomination, including:

- (i) who identifies new candidates; and*
- (ii) the process of identifying new candidates.*

The Corporate Governance and Nominating Committee ("CGNC") is responsible for recommending to the Board of Directors potential new directors and assessing the performance and contribution of directors.

The Board of Directors will consider new candidates for nomination, if deemed necessary. The Board of Directors considers its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board of Directors' duties effectively and to maintain a diversity of view and experience.

The Corporation has not adopted term limits for its directors or other mechanisms of Board of Directors renewal. The Corporation is aware of the positive impacts of bringing new perspectives to the Board of Directors, and therefore does occasionally add new members; however, it values continuity on the Board of Directors of Directors and the in-depth knowledge of the Corporation held by those members who have a long-standing relationship with the Corporation.

The Corporation does not currently have a written policy relating to the identification and nomination of women, Aboriginal peoples, persons with disabilities or members of visible minorities as directors. Historically, the Corporation has not felt that such a policy was needed. However, the Corporation is currently considering the adoption of such a policy.

When the Board of Directors selects candidates for executive or senior management positions or for director positions, it considers not only the qualifications, personal qualities, business background and experience of the candidates, it also considers the composition of the group of nominees, to best bring together a selection of candidates allowing the Corporation's management or Board of Directors, as the case may be to perform efficiently and act in the best interest of the Corporation and its shareholders. The Corporation is aware of the benefits of diversity at the executive and senior management levels and on the Board of Directors, and therefore the level of representation of women, Aboriginal peoples, persons with disabilities and members of visible minorities is one factor taken into consideration during the search process for executive and senior management positions of for directors.

The Corporation has not adopted a "target" number or percentage regarding women, Aboriginal peoples, persons with disabilities or members of visible minorities on the Board of Directors or in executive or senior management positions. The Corporation considers candidates based on their qualifications, personal qualities, business background and experience, and does not feel that targets necessarily result in the identification or selection of the best candidates. There are at present no women, Aboriginal people or person with disabilities or members of visible minorities on the Board of Directors of the Corporation or acting as executive officers of the Corporation.

6. Compensation

Disclose what steps, if any, are taken to determine compensation for the directors and CEO, including:

- (i) *who determines compensation; and*

The compensation of the directors and Chief Executive Officer of the Corporation is determined by the Board of Directors. In determining the compensation of the directors and the Chief Executive Officer, the Board of Directors considers the size of the Corporation, its financial resources and the compensation received by individuals occupying similar functions in other comparable Canadian companies. During the fiscal year ended December 31, 2018 the Corporation did not pay any cash compensation on granted options to its independent directors for services as director.

- (ii) *the process for determining compensation.*

The process by which the Corporation currently determines the compensation of the executive officers of the Corporation is described in the section entitled “Compensation of Executive Officers and Directors – Compensation Discussion and Analysis” above.

7. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The Board of Directors does not have any standing committees other than the Audit Committee and the Corporate Governance and Nominating Committee.

Corporate Governance and Nominating Committee

The CGNC is expected to meet not less than twice a year and at such other times as required. The CGNC is responsible for determining, within the agreed terms of reference, the Corporation’s policy on the remuneration packages of the Corporation’s chief executive officer, chairman, executive and non-executive directors, the Corporation’s secretary and other senior executives. The CGNC also has responsibility for:

- (i) recommending to the Board of Directors a compensation policy for directors and executives and monitoring its implementation; and
- (ii) approving and recommending to the Board of Directors, the total individual remuneration package of the chairman, each executive and non-executive director, the chief executive officer and all other senior executives (including bonuses, incentive payments and share options or other share awards). No individual may be involved in any discussions as to his or her own remuneration.

The CGNC also has the responsibility for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors and giving full consideration to succession planning. The CGNC also has the responsibility for recommending new appointments to the Board of Directors and to the other Board committees. It is responsible for identifying suitable candidates for board membership and for monitoring the performance and suitability of the current Board of Directors on an on-going basis.

The CGNC also has the responsibility for reviewing, approving and monitoring the Corporation’s compliance with any rules, regulations or guidelines promulgated by regulatory authorities or other organizations, including those of the TSX Venture Exchange or any other exchanges on which its securities may be trading, deemed relevant by the CGNC relating to corporate governance.

8. Assessments

Disclose what steps, if any, that the Board takes to satisfy itself that the board, its committees, and its individual directors are performing effectively.

The Board of Directors is responsible for assessing the effectiveness of the Board of Directors, its committees and individual directors and the competence and qualifications that each director is required to bring to the Board of Directors. Although no formal process has been put in place for such assessment, the Board of Directors conducts informal assessments on an as-needed basis. In this regard, the Board of Directors from time-to-time examines and comments on its effectiveness and that of its committees, and makes adjustments when warranted.

ADDITIONAL INFORMATION

Financial information about the Corporation is contained in its consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2019, and additional information about the Corporation is available on SEDAR at www.sedar.com.

If you would like to obtain, at no cost to you, a copy of any of the following documents:

- (a) the financial statements of the Corporation for the fiscal year ended December 31, 2019 together with the accompanying report of the auditors thereon and any interim financial reports of the Corporation for periods subsequent to December 31, 2019 and Management's Discussion and Analysis with respect thereto; and
- (b) this Circular,

please send your request to:

X-Terra Resources Inc.
147 Québec Avenue, Back door
Rouyn-Noranda, Québec J9X 6M8

Telephone: (819) 762-4101
Telecopier: (819) 762-0097

AUTHORIZATION

The contents and the mailing of this Circular have been approved by the Board of Directors of the Corporation.

(signed) Michael Ferreira

Michael Ferreira
President and Chief Executive Officer

DATED at Rouyn-Noranda, Québec
August 21, 2020

SCHEDULE A
CHARTER OF THE AUDIT COMMITTEE

1. OVERALL PURPOSE / OBJECTIVES

The Audit Committee will provide independent review and oversight of the Corporation's financial reporting process and will manage the relationship between the Corporation and its external auditors, including overseeing the audit process and recommending to the Board of Directors the nomination and compensation of such external auditors. The Audit Committee will also assist the Board of Directors in fulfilling its responsibilities in reviewing the Corporation's process for monitoring compliance with laws and regulations and its own code of business conduct. In performing its duties, the Audit Committee will maintain effective working relationships with the Board of Directors, management, and the external auditors of the Corporation and will monitor the independence of those auditors. The Audit Committee will also be responsible for reviewing the Corporation's financial strategies, its financing plans and its use of the equity and debt markets.

To perform his or her role effectively, each Audit Committee member will obtain an understanding of the responsibilities of committee membership as well as the Corporation's business, operations and risks.

2. AUTHORITY

The Board of Directors authorizes the Audit Committee, within the scope of its responsibilities, to seek any information it requires from any employee and from external parties, to retain outside legal or professional counsel and other experts and to ensure the attendance of Corporation officers at meetings as appropriate.

3. ORGANIZATION

3.1 Membership

- (a) The Audit Committee will be comprised of at least three members, each of whom should meet the following independence and qualification requirements:
 - (i) An Audit Committee member may not, other than in his or her capacity as a member of the Audit Committee, Board of Directors or any other committee of the Board of Directors, accept directly or indirectly any consulting, advisory or other compensatory fee from the Corporation. The indirect acceptance of a consulting, advisory or other compensatory fee shall include acceptance of the fee by a spouse, minor child or stepchild, or child or stepchild sharing a home with the Audit Committee member, or by an entity in which such member is a partner, member or principal or occupies a similar position and which provides accounting, consulting, legal, investment banking, financial or other advisory services or any similar services to the Corporation.
 - (ii) An Audit Committee member may not have been employed by the Corporation or any of its affiliates in the current or past three years.
 - (iii) An Audit Committee member may not be an affiliate of the Corporation or any of its subsidiaries.
- (b) The Chairman of the Audit Committee will be nominated by the Audit Committee from time to time.
- (c) A quorum for any meeting of the Audit Committee will be two members.
- (d) The secretary of the Audit Committee will be such person as nominated by the Chairman.

3.2 Attendance at Meetings

- (a) The Audit Committee may invite such other persons (e.g. the Chief Financial Officers or Chief Executive Officer) to its meetings, as it deems appropriate.

- (b) The external auditors should be present at each quarterly Audit Committee meeting and be expected to comment on the financial statements in accordance with best practices.
- (c) Meetings shall be held not less than four times a year. Special meetings shall be convened as required. External auditors may convene a meeting if they consider that it is necessary.
- (d) The proceedings of all meetings will be minuted.

4. ROLES AND RESPONSIBILITIES

The Audit Committee will:

- 4.1 Gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.
- 4.2 Gain an understanding of the current areas of greatest financial risk and whether management is managing these effectively.
- 4.3 Review the Corporation's strategic and financing plans to assist the Board of Directors' understanding of the underlying financial risks and the financing alternatives.
- 4.4 Review management's plans to access the equity and debt markets and to provide the Board of Directors with advice and commentary.
- 4.5 Review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements.
- 4.6 Review any legal matters which could significantly impact the financial statements as reported on by the Corporation's legal counsel and meet with such counsel whenever deemed appropriate.
- 4.7 Review the annual and quarterly financial statements including Management's Discussion and Analysis and earnings press releases in respect thereof and determine whether they are complete and consistent with the information known to Audit Committee members; determine that the auditors are satisfied that the financial statements have been prepared in accordance with generally accepted accounting principles, and, if appropriate, recommend to the Board of Directors for approval, before their release, that the annual and quarterly financial statements and related financial reporting, including the Management's Discussion and Analysis and earnings press releases.
- 4.8 Pay particular attention to complex and/or unusual transactions such as those involving derivative instruments and consider the adequacy of disclosure thereof.
- 4.9 Focus on judgmental areas, for example those areas involving valuation of assets and liabilities and other commitments and contingencies.
- 4.10 Review audit issues related to the Corporation's material associated and affiliated companies that may have a significant impact on the Corporation's equity investment.
- 4.11 Meet with management and the external auditors to review the annual financial statements and the results of the audit.
- 4.12 Assess the fairness of the interim financial statements and disclosures, and obtain explanations from management on whether:
 - (a) actual financial results for the interim period varied significantly from budgeted or projected results;
 - (b) generally accepted accounting principles have been consistently applied;

- (c) there are any actual or proposed changes in accounting or financial reporting practices;
 - (d) there are any significant or unusual events or transactions which require disclosure and, if so, consider the adequacy of that disclosure.
- 4.13 Review the external auditors' proposed audit scope and approach and ensure no unjustifiable restriction or limitations have been placed on the scope.
 - 4.14 Review the performance of the external auditors and approve in advance provision of services other than auditing.
 - 4.15 Consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Corporation. The Audit Committee will obtain from the external auditors, on an annual basis, a formal written statement delineating all relationships between the external auditors and the Corporation.
 - 4.16 Evaluate and, if and when appropriate, recommend to the Board of Directors selection, compensation or replacement of the external auditors.
 - 4.17 Meet separately with the external auditors to discuss any matters that the Audit Committee or auditors believe should be discussed privately, including the results of the external auditors' review of the adequacy and effectiveness of the Corporation's accounting and financial controls.
 - 4.18 Endeavour to cause the receipt and discussion on a timely basis of any significant findings and recommendations made by the external auditors.
 - 4.19 Obtain regular updates from management and the Corporation's legal counsel regarding compliance matters, as well as certificates from the Chief Financial Officer as to required statutory payments and bank covenant compliance and from senior operating personnel as to permit compliance.
 - 4.20 Ensure that the Board of Directors is aware of matters which may significantly impact the financial condition or affairs of the business.
 - 4.21 Perform other functions as requested by the full Board of Directors.
 - 4.22 If necessary, institute special investigations and, if appropriate, hire special counsel or experts to assist.
 - 4.23 Review and update the charter; receive approval of changes from the Board of Directors.
 - 4.24 Work with the Board of Directors to determine an appropriate annual budget for the Audit Committee and its required activities, including but not limited to the compensation of the external auditors and any outside counsel or other experts retained by the Audit Committee.
 - 4.25 Create specific procedures for the receipt, retention and treatment of complaints regarding the Corporation's accounting, internal accounting controls and auditing matters. These procedures will include, among other things, provisions for the confidential treatment of complaints and anonymity for employees desiring to make submissions.

SCHEDULE B
SHAREHOLDERS' RESOLUTION

Ratification, Approval and Confirmation of the Amendments to the Stock Option Plan

BE AND IT IS HEREBY RESOLVED:

THAT the Stock Option Plan of the Corporation, as amended on August 21, 2020, as described in the Management Information Circular of the Corporation dated August 21, 2020, be and it is hereby ratified, approved and confirmed.