



NOTICE OF MEETING
AND
MANAGEMENT INFORMATION CIRCULAR
FOR
ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON NOVEMBER 9, 2018

OCTOBER 12, 2018

No stock exchange or securities regulatory authority has in any way passed upon the merits of the transaction described in this information circular.



NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special general meeting (the “Meeting”) of shareholders of Sierra Madre Developments Inc. (the “Company”) will be held at 29th floor, 595 Burrard Street, Vancouver, British Columbia, on Friday, November 9, 2018, at 10:00a.m. (Vancouver time) for the following purposes:

1. To receive the financial statements of the Company for the fiscal years ended March 31, 2018 and 2017, and the report of the auditors thereon.
2. To elect directors.
3. To appoint auditors and to authorize the directors to fix the remuneration of the auditors.
4. To approve the Company’s incentive stock option plan, as more particularly described in the accompanying information circular (the “Circular”).
5. To consider and, if thought fit, pass a resolution (the “Sale Resolution”) to approve the Company’s disposition of its interests in the Omineca Option Agreement to its subsidiary, Bear Mountain Gold Mines Ltd., as more particularly described in the Circular.
6. Assuming the Sale Resolution is approved, to consider and, if thought fit, pass a resolution (the “Distribution Resolution”) to approve the Company’s distribution of the common shares in the capital of Bear Mountain Gold Mines Ltd., received upon the disposition of the Company’s interests in the Omineca Option Agreement, to the Company’s shareholders as a return of capital, as more particularly described in the Circular.
7. To consider other matters, including without limitation such amendments or variations to any of the foregoing resolutions, as may properly come before the Meeting or any adjournment thereof.

Shareholders have been granted the right to dissent against the Sale Resolution and to be paid the fair value of their common shares of the Company in accordance with the provisions of the *Business Corporations Act* (British Columbia). This right is described in the Circular under the heading “*Rights of Dissent*”.

Only holders of record of common shares of the Company at the close of business on September 26, 2018, will be entitled to vote at the Meeting or any adjournment thereof.

Your vote is important regardless of the number of common shares of the Company you own. Shareholders who are unable to attend the Meeting in person are asked to sign, date and return the

enclosed form of proxy relating to the common shares of the Company held by them in the envelope provided for that purpose.

To be effective, the proxy must be duly completed and signed and then deposited with either the Company's registrar and transfer agent, Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 before 10:00 a.m. (Vancouver time) on November 7, 2018, or if the Meeting is adjourned or postponed, before 10:00 a.m. (Vancouver time) on the day that is at least two business days preceding the date of the reconvening of any adjourned or postponed meeting.

DATED at Vancouver, British Columbia, this 12th day of October, 2018.

Sierra Madre Developments Inc.

By Order of the Board

“Carl von Einsiedel”

Carl von Einsiedel,
Chief Executive Officer

GLOSSARY OF TERMS

For the assistance of Shareholders, the following is a glossary of terms used frequently throughout this Circular and the summary hereof.

BCBCA	The <i>Business Corporations Act</i> (British Columbia), S.B.C. 1996, c.57, as amended from time to time.
Beneficial Shareholder	A Shareholder holding Common Shares through an Intermediary, or otherwise not in the Shareholder's own name.
BMGM	Bear Mountain Gold Mines Ltd.
BMGM Shares	Common shares in the capital of BMGM.
Board of Directors or Board	The board of directors of the Company.
Circular	This Information Circular.
Common Shares or Shares	The common shares without par value in the capital of the Company.
Company or SMG	Sierra Madre Developments Inc.
CRA	Canada Revenue Agency.
Dissent Notice	A validly delivered written objection to the Sale Resolution, as described under "Rights of Dissent."
Dissenting Shareholder	A Shareholder who delivers a Dissent Notice and validly exercises the right of dissent provided with respect to the Reorganization, as described under "Rights of Dissent."
Distribution	The Company's proposed distribution of the 2,699,041 BMGM Shares to be received pursuant to the Sale Agreement, to the Shareholders by way of return of capital.
Distribution Resolution	That special resolution to be approved by the Shareholders, as set out herein, in connection with the Distribution.
Effective Date	The date the Reorganization becomes effective.
Haro Option	That option granted by BMGM to Haro Metals Corp., pursuant to a mineral property option and joint venture agreement dated November 30, 2017, as amended, whereby Haro has the right to acquire a 60% interest in the Harrison South Mineral Tenures.
Harrison Liabilities	The sum of \$287,822 as owed by SMG, which amount relates primarily to expenditures incurred after SMG distributed the proceeds of the sale of its Mexican assets to Shareholders in January of 2014 and the Company's sole focus became the Harrison Gold Property; which will be transferred to and assumed by BMGM.
Harrison Gold Property	The 28 mineral claims located near Harrison Lake, British Columbia comprising the 11 mineral claims that are owned by Omineca (comprising the Omineca Property Mineral Tenures) and the 17 mineral tenures owned by BMGM (comprising the Harrison South Mineral Tenures and the Harrison

Development Operation Mineral Tenures).

Harrison South Mineral Tenures	Those five mineral claims located near Harrison Lake, British Columbia comprising 716.3074 hectares (more or less) as presently held by BMGM, but which are subject to (i) the area of mutual interest of the Omineca Option Agreement, and (ii) the Haro Option.
Harrison Development Operations Mineral Tenures	Those 12 mineral claims located near Harrison Lake, British Columbia comprising 1,936.4103 hectares (more or less) as presently held by BMGM, but which are subject to the area of mutual interest of the Omineca Option Agreement
Intermediary	A broker, intermediary, trustee or other person holding Common Shares on behalf of a Beneficial Shareholder.
ITA	The <i>Income Tax Act</i> (Canada), as amended, and the regulations thereunder.
Meeting	The annual and special general meeting of Shareholders to be held on November 9, 2018.
Omineca Option Agreement	That Mineral Property Option Agreement dated November 17, 2011 among SMG, BMGM and Omineca Mining and Metals Ltd., as amended by amending agreements dated December 5, 2013, May 21, 2015 and February 20, 2017, whereby SMG has the option to acquire the Omineca Property Mineral Tenures.
Omineca Property Mineral Tenures	Those 11 mineral claims located near Harrison Lake, British Columbia comprising 2,426.603 hectares (more or less) as presently held by Omineca Mining and Metals Ltd., and optioned by the Company pursuant to the Omineca Option Agreement.
Option Plan	The Company's Incentive Stock Option Plan, as described under "Annual Meeting Business – Approval of Incentive Stock Option Plan."
Record Date	September 26, 2018.
Registrar	The Registrar of Companies appointed under section 400 of the BCBCA.
Reorganization	The (i) disposition by SMG of its interests in the Omineca Option Agreement to BMGM in consideration of BMGM issuing 2,699,041 BMGM Shares and assuming the Harrison Liabilities, and (ii) SGM distributing the BMGM Shares to its Shareholders.
Sale Agreement	That agreement of purchase and sale between the Company and BMGM dated October 10, 2018 whereby the Company agreed to transfer all of its interests in the Omineca Option Agreement to BMGM in consideration of BMGM issuing 2,699,041 BMGM Shares and assuming the Harrison Liabilities.
Sale Resolution	That special resolution to be approved by the Shareholders, as set out in Schedule A hereto, in connection with the Sale Agreement.
SEC	The United States Securities and Exchange Commission.
Shareholders	Holders of one or more Common Shares.
Transfer Agent	Computershare Investor Services Inc.

GENERAL INFORMATION FOR MEETING

Solicitation of Proxies

This Information Circular is provided in connection with the solicitation of proxies by the management of Sierra Madre Developments Inc. (the “Company”) for use at the annual and special general meeting of the shareholders of the Company to be held at 29th floor, 595 Burrard Street, Vancouver, British Columbia at 10:00 a.m. on November 9, 2018 (the “Meeting”), for the purposes set out in the accompanying notice of meeting and at any adjournment thereof. The solicitation will be made by mail and may also be supplemented by telephone or other personal contact to be made without special compensation by directors, officers and employees of the Company. The Company will bear the cost of this solicitation. The Company will not reimburse shareholders, nominees or agents for the cost incurred in obtaining from their principals authorization to execute forms of proxy.

APPOINTMENT AND REVOCATION OF PROXY

Registered Shareholders

Registered shareholders may vote their common shares by attending the Meeting in person or by completing the enclosed proxy. Registered shareholders should deliver their completed proxies to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, Toronto, Ontario, M5J 2Y1 Proxy Department, by fax within North America at 1-866-249-7775, outside North America at 416-263-9524, or by mail to the 8th Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, or by hand delivery at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, otherwise the shareholder will not be entitled to vote at the Meeting by proxy. Registered shareholders may also use the internet site at www.investorvote.com to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America).

The persons named in the proxy are directors and officers of the Company and are proxyholders nominated by management. **A shareholder has the right to appoint a person other than the nominees of management named in the enclosed instrument of proxy to represent the shareholder at the Meeting. To exercise this right, a shareholder must insert the name of its nominee in the blank space provided. A person appointed as a proxyholder need not be a shareholder of the Company.**

A registered shareholder may revoke a proxy by:

1. signing a proxy with a later date and delivering it at the place and within the time noted above;
2. signing and dating a written notice of revocation (in the same manner as the proxy is required to be executed, as set out in the notes to the proxy) and delivering it to the registered office of the Company, 29th floor, 595 Burrard Street, Vancouver, British Columbia, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chairman of the Meeting on the day of the Meeting or any adjournment thereof,
3. attending the Meeting or any adjournment thereof and registering with the scrutineer as a shareholder present in person, whereupon such proxy shall be deemed to have been revoked; or
4. in any other manner provided by law.

Beneficial Shareholders

The information set forth in this section is of significant importance to many shareholders, as many shareholders do not hold their Shares in their own name. Shareholders holding their Shares through banks, trust companies, securities dealers or brokers, trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans or other persons (any one of which is herein referred to as an "Intermediary") or otherwise not in their own name (such shareholders herein referred to as "Beneficial Shareholders") should note that only proxies deposited by shareholders appearing on the records maintained by the Company's transfer agent as registered shareholders will be recognized and allowed to vote at the Meeting. If a shareholder's shares are listed in an account statement provided to the shareholder by a broker, in all likelihood those shares are **not** registered in the shareholder's name and that shareholder is a Beneficial Shareholder. Such shares are most likely registered in the name of the shareholder's broker or an agent of that broker. In Canada the vast majority of such shares are registered under the name of CDS & Co., the registration name for The Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms. Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted at the Meeting at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate party well in advance of the Meeting.**

Regulatory policies require Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. Beneficial Shareholders have the option of not objecting to their Intermediary disclosing certain ownership information about themselves to the Company (such Beneficial Shareholders are designated as non-objecting beneficial owners, or "NOBOs") or objecting to their Intermediary disclosing ownership information about themselves to the Company (such Beneficial Shareholders are designated as objecting beneficial owners, or "OBOs").

In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Company has elected to send the notice of meeting, this Information Circular and a request for voting instructions (a "VIF"), instead of a proxy (the notice of Meeting, Information Circular and VIF or proxy are collectively referred to as the "Meeting Materials") directly to the NOBOs and indirectly through Intermediaries to the OBOs. The Intermediaries (or their service companies) are responsible for forwarding the Meeting Materials to OBOs.

Meeting Materials sent to Beneficial Shareholders are accompanied by a VIF, instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a Beneficial Shareholder is able to instruct the Intermediary (or other registered shareholder) how to vote the Beneficial Shareholder's shares on the Beneficial Shareholder's behalf. For this to occur, it is important that the VIF be completed and returned in accordance with the specific instructions noted on the VIF.

The majority of Intermediaries now delegate responsibility for obtaining instructions from Beneficial Shareholders to Broadridge Investor Communication Solutions ("Broadridge") in Canada. Broadridge typically prepares a machine-readable VIF, mails these VIFs to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, usually by way of mail, the Internet or telephone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting by proxies for which Broadridge has solicited voting instructions. A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote shares directly at the Meeting. The VIF must be returned to Broadridge (or instructions respecting the voting of shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the shares voted. If you have any questions respecting the voting of shares held through an Intermediary, please contact that Intermediary for assistance.

In either case, the purpose of this procedure is to permit Beneficial Shareholders to direct the voting of the shares which they beneficially own. **A Beneficial Shareholder receiving a VIF cannot use that form to vote Shares directly at the Meeting. Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered.** Should a Beneficial Shareholder who receives a VIF wish to attend the Meeting or have someone else attend on their behalf, the Beneficial Shareholder may request a legal proxy as set forth in the VIF, which will grant the Beneficial Shareholder or their nominee the right to attend and vote at the Meeting.

Only registered shareholders have the right to revoke a proxy. A Beneficial Shareholder who wishes to change its vote must, at least seven days before the Meeting, arrange for its Intermediary to revoke its VIF on its behalf.

All references to shareholders in this Information Circular and the accompanying instrument of proxy and notice of Meeting are to registered shareholders unless specifically stated otherwise.

The Meeting Materials are being sent to both registered and non-registered owners of the Company's shares. If you are a Beneficial Shareholder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your holdings of the Company's securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering the Meeting Materials to you and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the VIF.

Voting of Shares and Exercise of Discretion of Proxies

If a Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares represented by proxy will be voted or withheld from voting by the proxyholder in accordance with those instructions on any ballot that may be called for. In the enclosed form of proxy, in the absence of any instructions in the proxy, it is intended that such shares will be voted by the proxyholder, if a nominee of management, in favour of the motions proposed to be made at the Meeting as stated under the headings in the Notice of Meeting to which this Circular is attached. If any amendments or variations to such matters, or any other matters, are properly brought before the Meeting, the proxyholder, if a nominee of management, will exercise its discretion and vote on such matters in accordance with its best judgment.

The instrument of proxy enclosed, in the absence of any instructions in the proxy, also confers discretionary authority on any proxyholder other than the nominees of management named in the instrument of proxy with respect to the matters identified herein, amendments or variations to those matters, or any other matters which may properly be brought before the Meeting. To enable a proxyholder to exercise its discretionary authority a Shareholder must strike out the names of the nominees of management in the enclosed instrument of proxy and insert the name of its nominee in the space provided, and not specify a choice with respect to the matters to be acted upon. This will enable the proxyholder to exercise its discretion and vote on such matters in accordance with its best judgment.

At the time of printing this Circular, management of the Company is not aware that any amendments or variations to existing matters or new matters are to be presented for action at the Meeting.

Voting Shares and Principal Holders Thereof

Only those Shareholders of record on the Record Date will be entitled to vote at the Meeting or any adjournment thereof, in person or by proxy. On the Record Date, 53,980,827 Common Shares were issued and outstanding, each Common Share carrying the right to one vote.

To the best knowledge of the directors and senior officers of the Company, the only Shareholder who beneficially owns, directly or indirectly, or exercise control or discretion over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company is Riverside Resources Inc., which held 12,503,218 Common Shares (23.16%) as of the Record Date.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

For the purpose of this document:

“**CEO**” means each individual who acted as chief executive officer of the Company or acted in a similar capacity for any part of the most recently completed financial year;

“**CFO**” means each individual who acted as chief financial officer of the Company or acted in a similar capacity for any part of the most recently completed financial year; and

“**Named Executive Officer**” or “**NEO**” means: (a) a CEO; (b) a CFO; (c) the Company’s most highly compensated executive officers, including any of the Company’s subsidiaries, or the most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year and whose total compensation was, individually, more than \$150,000 as determined in accordance with subsection 1.3(5) of the Form, for that financial year; and (d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity at the end of the most recently completed financial year.

During the financial years ended March 31, 2017 and 2018, the Company had two Named Executive Officers, namely Carl von Einsiedel – CEO; and Ezra Jimenez - CFO.

All dollar amounts referenced herein are Canadian Dollars unless otherwise specified.

Overview of Compensation Paid to NEOs and Directors

During the fiscal year ended March 31, 2017, the Company had three directors – Carl von Einsiedel, Garth Kirkham and Edward Skoda (resigned September 9, 2016); and during the fiscal year ended March 31, 2018, the Company had two directors – Carl von Einsiedel and Garth Kirkham.

During the fiscal year ended March 31, 2018 (as with the fiscal years ended March 31, 2017, 2016, 2015 and 2014), the Company was subject to cease trade orders (“CTOs”) issued by the British Columbia Securities Commission (August 6, 2014), the Ontario Securities Commission (August 12, 2014), and the Alberta Securities Commission (November 5, 2014) pertaining to the Company’s failure to file its annual financial statements for the fiscal year ended March 31, 2014 and corresponding MD&A in a timely manner. Further, on August 7, 2014, the TSX Venture Exchange (TSXV) halted trading of the Company’s shares due to the Company being in default of TSXV continued listing requirements.

Correspondingly, the Company was relatively inactive during the fiscal years ended March 31, 2014, through to March 31, 2018.

The only compensation paid (or accrued) during the past two fiscal years consisted of \$72,000 of management fees paid or payable to Ram Explorations Ltd., a private company controlled by Carl von Einsiedel, and \$3,000 of management fees paid or payable to Ezra Jimenez. During the past two fiscal years there have been no other forms of compensation paid or that remain payable, including stock options.

Oversight and Description of Director and Named Executive Officer Compensation

Current Status:

There was no compensation committee or other committee that oversaw or advised with respect to executive and director compensation. All decisions regarding NEO and director compensation were made by the board of directors.

Compensation of \$36,000 per year was determined as being the minimum amount required to keep the CEO involved with the Company, to provide his minimum attention and service to keep the Company alive, and to compensate for the risks and stigma associated with being a CEO of a cease traded entity. In addition, Mr. von Einsiedel acted as interim CFO for a period of time; and he was singly responsible for financing the Company's activities through expending money on behalf of the Company or undertaking work and accruing the costs thereof.

Anticipated Future Status:

Going forward, the Company anticipates appointing additional directors and forming a compensation committee which will be responsible for assisting the Board in monitoring, reviewing and approving compensation policies and practices of the Company and its subsidiaries and administering the Company's stock option plan.

With regard to the CEO, the compensation committee will be responsible for reviewing and approving corporate goals and objectives relevant to the CEO's compensation, evaluating the CEO's performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO's compensation level based on this evaluation. In consultation with the CEO, the compensation committee will make recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO, including recommendations regarding awards under equity compensation plans.

The Company's compensation philosophy for executive officers is expected to follow three underlying principles:

1. to provide compensation packages that encourage and motivate performance;
2. to be competitive with other companies of similar size and scope of operations so as to attract and retain talented executives; and
3. to align the interests of its executive officers with the long-term interests of the Company and its shareholders through stock related programs.

When determining compensation policies and individual compensation levels for the Company's executive officers, the Company expects to take into consideration a variety of factors, including the overall financial and operating performance of the Company, and the Board's overall assessment of:

- each executive officer's individual performance and contribution towards meeting corporate objectives;
- each executive officer's level of responsibility,
- each executive officer's length of service; and
- industry comparables.

In keeping with the above philosophies, the Company expects to adopt a model that will include both base salary or consulting fees and "at-risk" compensation, comprised of participation in the Company's stock option plan, as described below. In addition, the Company may award performance bonuses based on executives meeting short-term or long-term performance milestones.

Base salary or consulting fee levels will reflect the fixed component of pay that compensates executives for fulfilling their roles and responsibilities and assists in the attraction and retention of highly qualified executives. Base amounts will be reviewed annually to ensure they reflect each respective executive's performance and experience in fulfilling his or her role and to ensure executive retention. Currently base salaries and consulting fees are set at below industry standard levels, which is reflective of the Company's lack of monetary resources, and the relative lack of business activity associated with the Company. Monetary compensation will be supplemented with the provision of stock options (see below for description). Salaries and consulting fee levels will be reviewed and revised as the Company grows.

Stock Options

The Company has a 10% rolling stock option plan in place. No options have been granted in the past four fiscal years due to the CTOs being in place; and no stock options remain outstanding as of the date of this document. Stock options are intended to align executive interests with those of shareholders by tying compensation to share performance and to assist in retention through vesting provisions. Grants of stock options will be based on:

- (a) the executive's performance;
- (b) the executive's level of responsibility within the Company;
- (c) the number and exercise price of options previously issued to the executive;
- (d) the difference between the executive's salary and that paid by comparable companies; and
- (e) the overall aggregate total compensation package provided to the executive.

Options are typically granted on an annual basis in connection with the review of executives' compensation packages. Options may also be granted to executives upon hire or promotion and as special recognition for extraordinary performance.

Director and Named Executive Officer Compensation

The following table (presented in accordance with the Form) sets forth all annual and long term compensation for services paid to or earned by each NEO and director for the two most recently completed financial years ended March 31, 2017 and 2018, 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 (\$)
Carl von Einsiedel ¹ <i>CEO, CFO and Director</i>	2018	36,000	Nil	nil	nil	nil	36,000
	2017	36,000	Nil	nil	nil	nil	36,000
Garth Kirkham ² <i>Director</i>	2018	nil	Nil	nil	nil	nil	nil
	2017	nil	Nil	nil	nil	nil	nil
Edward Skoda ³ <i>Director</i>	2018	n/a	n/a	n/a	n/a	n/a	n/a
	2017	nil	nil	nil	nil	nil	nil
Ezra Jimenez ⁴ <i>Former CFO</i>	2018	nil	Nil	nil	nil	nil	nil
	2017	3,000	Nil	nil	nil	nil	3,000

1. Paid or accrued management fees of \$36,000 (2017 - \$36,000) to Ram Explorations Ltd., a private company controlled by Carl von Einsiedel, the CEO of the Company. At March 31, 2018, the Company owed Mr. von Einsiedel either directly, or through Ram Explorations Ltd., \$725,850 (2017 - \$671,926) in respect of services provided to and payments made on behalf of the Company, recorded in accounts payable. Mr. von Einsiedel assumed the position of interim CFO on March 31, 2018.

2. Paid or accrued director fees of \$nil (2017 - \$nil) to Garth Kirkham, a director of the Company. At March 31, 2018 the Company owed Mr. Kirkham \$28,328 (2017 - \$28,328) recorded in accounts payable.
3. Mr. Skoda resigned as a director effective September 9, 2016.
4. Paid or accrued CFO fees of \$nil (2017 - \$3,000) to Ezra Jimenez, a CFO of the Company until March 30, 2018. At March 31, 2018 the Company owed Mr. Jimenez \$nil (2017 - \$6,000).

Stock Options and Other Compensation Securities

The only compensation plan available to the Company for its NEOs and directors during the financial year ended March 31, 2018 was the incentive stock option plan. During that financial year the Company did not grant any stock options to its directors or NEO for services provided or to be provided, directly or indirectly, to the Company.

During the financial year ended March 31, 2018, no incentive stock options were exercised by any NEO or director. As of March 31, 2018 there were no stock options outstanding (nil as of March 31, 2017).

The only stock option plan or other incentive plan the Company currently has in place is a 10% “rolling” stock option plan (the “Plan”), which authorizes the Board to grant options to directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares of the Company, from time to time. The underlying purpose of the Plan is to attract and motivate the directors, officers, employees and consultants of the Company and to advance the interests of the Company by affording such persons with the opportunity to acquire an equity interest in the Company through rights granted under the Plan.

Material Terms of the Stock Option Plan

The Plan provides that the terms of the options and the option price may be fixed by the Board subject to the price restrictions and other requirements of any stock exchange upon which the Company may be listed. The Plan also provides that no option may be granted to any person except upon the recommendation of the Board, and only directors, officers, employees, consultants and other key personnel of the Company or any subsidiary may receive options. Options granted under the Plan may not be exercisable for a period longer than ten years and the exercise price must be paid in full upon exercise of the option.

The Plan is subject to the additional following restrictions:

- (a) the Company shall not grant options to any one person in any 12 month period which could, when exercised, result in the issuance of common shares exceeding 5% of the issued and outstanding common shares of the Company;
- (b) if any option expires or otherwise terminates for any reason without having been exercised in full, the number of common shares in respect of which the option expired or terminated shall again be available for the purposes of the Plan;
- (c) if an option holder dies, any vested option held by him or her at the date of death will become exercisable by the optionee’s lawful personal representatives, heirs or executors for not less than 90 days after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option;
- (d) if an option holder ceases to be a director, officer or employed by or provide services to the Company, other than by reason of death, the options granted will expire on the 90th day following the date the option holder ceases to be affiliated with the Company, subject to any regulatory requirements;
- (e) all options granted to consultants performing investor relations activities will vest in stages over 12 months with no more than one-quarter of the options vesting in any three month period; and

- (f) the Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all common shares under the Plan in respect of options which have not yet been granted under the Plan, subject to regulatory approval.

The Company has no other form of compensation plan under which equity securities of the Company are authorized for issuance to employees or non-employees in exchange for consideration in the form of goods and services.

Employment, Consulting and Management Agreements

There were no formal agreements or arrangements in place under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company that were:

- (a) performed by a director or named executive officer, or
- (b) performed by any other party but are services typically provided by a director or a named executive officer,

other than that Ram Explorations Ltd., a private company controlled by Carl von Einsiedel, would be paid or accrued \$36,000 of consulting/management fees as consideration for his services rendered to the Company. In particular, there were no agreements or arrangement containing provisions with respect to change of control, severance, termination or constructive dismissal.

Pension disclosure

The Company does not provide any form of pension to any of its directors or Named Executive Officers.

CORPORATE GOVERNANCE DISCLOSURE

Corporate governance relates to the activities of the Board of Directors (Board), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. National Policy 58-201 *Corporate Governance Guidelines* (NP 58-201) establishes corporate governance guidelines which apply to all public companies. These guidelines are not intended to be prescriptive but to be used by issuers in developing their own corporate governance practices. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making.

Pursuant to National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”) the Company is required to disclose its corporate governance practices, as summarized below. The Board will continue to monitor such practices on an ongoing basis and when necessary implement such additional practices as it deems appropriate.

Board of Directors

The Board is currently composed of two directors, namely Carl von Einsiedel and Garth Kirkham.

NI 58-101 suggests that the Board of a public company should be constituted with a majority of individuals who qualify as “independent” directors. An “independent” director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director’s ability to act with a view to the best interests of the Company, other than interests and relationships arising from

shareholding. In addition, where a company has a significant shareholder, NP 58-101 suggests that the Board should include a number of directors who do not have interests in either the company or the significant shareholder. Carl von Einsiedel is not independent in that he is the Chief Executive Officer and interim Chief Financial Officer of the Company. Garth Kirkham is considered by the Board to be “independent” within the meaning of NP 58-101.

At present, the Company recognizes that its Board is not in compliance with NP 58-201, in that it does not have at least three members, of whom a majority are considered independent. At the Meeting, the Company intends to appoint one or more independent directors, thereby enabling the Company to comply with applicable regulations, and also enable the directors to properly exercise their responsibilities for independent oversight of management (including meeting independently of management whenever deemed necessary).

Each member of the Board understands that he is entitled, at the cost of the Company, to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances. No director found it necessary to do so during the financial years ended March 31, 2017 or 2018.

Directorships

The current directors of the Company also currently serve as directors of other reporting issuers:

Director	Other Reporting Issuer(s)	Exchange
Carl von Einsiedel	N/A	
Garth Kirkham	ValOre Metals Corp. Romios Gold Resources Inc.	TSX.V TSX.V

Orientation and Continuing Education

New directors are briefed on the Company’s overall strategic plans, short, medium and long term corporate objectives, financials status, general business risks and mitigation strategies, and existing company policies. There is no formal orientation for new members of the Board. This is considered to be appropriate, given the Company’s size and current level of operations, the ongoing interaction amongst the directors and the low director turn-over. However, if the growth of the Company’s operations warrants it, a formal orientation process will be implemented.

The Board is to be comprised of individuals with varying backgrounds, who have, collectively, the experience to run and manage a public company, particularly in the natural resource sector. Board members are encouraged to communicate with management and auditors to keep themselves current with industry trends and developments and changes in legislation, with management’s assistance. The directors are advised that, if a director believes that it would be appropriate to attend any continuing education event for corporate directors, the Company will pay for the cost thereof. Board members have full access to the Company’s records. The directors have ready access to the Company’s legal counsel for updates to securities legislation and stock exchange policies.

Ethical Business Conduct

The Board has not adopted a written Code of Ethical Conduct for its directors, officers or employees at this time. 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 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 in the best interests of the Company and its shareholders.

In addition, as some of the directors of the Company also serve as directors and officers of other companies engaged in similar business activities, the Board must comply with the conflict of interest provisions of the British Columbia *Business Corporations Act*, as well as the relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or officer has a material interest. Any interested director would be required to declare the nature and extent of his interest and would not be entitled to vote at meetings of directors which evoke any such conflict.

Nomination of Directors

The Board determines new nominees to the Board, although no formal process has been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members. The Company conducts the due diligence, reference and background checks on any suitable candidate. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required and a willingness to serve. As the Company progresses as a business enterprise, the Board will consider its size on an annual basis when it considers the number of directors to recommend to shareholders for election at annual general meetings, taking into account the number required to carry out the Board's duties effectively and to maintain diversity of view and experience.

Compensation

Presently, compensation of the Company's directors and NEOs is determined by the Board. Given the Company's lack of financial resources, all amounts payable to the NEOs have been accrued for the past several years. No compensation is paid to the directors in their roles as such. The process for determining compensation is made by discussion among the Board, having reference to the Company's current state of affairs (including being cease traded and without cash funds). As the Company progresses as a business enterprise, the Board will consider appropriate factors such as comparable compensation paid by other like companies, and what will be required to entice and retain qualified persons.

Board Committees

The Company currently has only an Audit Committee in place.

Assessments

Neither the Company nor the Board has determined formal means or methods to regularly assess the Board, its committees or the individual directors with respect to their effectiveness and contributions. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of any individual director are informally monitored by the other Board members, having in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

AUDIT COMMITTEE

The Company must, pursuant to the provisions of National Instrument 52-110 *Audit Committees* (“NI 52-110”), have a written charter, which sets out the duties and responsibilities of its audit committee. In providing the disclosure herein, the Company is relying on the exemption provided under section 6.1 of NI 52-110, which allows for the short form disclosure of the audit committee procedures of venture issuers. A copy of the Company’s Audit Committee Charter is set out in Schedule “C” hereto.

Composition of the Audit Committee

The Company’s Audit Committee is composed of:

Carl von Einsiedel	Non-Independent ¹	Financially literate ¹
Garth Kirkham	Independent ¹	Financially literate ¹

1. As defined by NI 52-110.

The Company recognizes that its current audit committee is not properly constituted under its Audit Committee Charter or in accordance with NI 52-110. Upon the Company receiving revocations to the outstanding cease trade orders against the Company, it intends to appoint one or more independent directors who will also sit on the Audit Committee, thereby enabling the Company to comply with its charter and applicable regulations.

Relevant Education and Experience

In addition to each member’s general business experience, each of the Audit Committee members has the ability to read and understand financial statements and held director and/or officer positions with other reporting issuers in the mineral exploration and mining sector where he has been actively involved in financing and fundraising activities.

Each of the Company’s Audit Committee members has been a director or officer of several Canadian public companies and as a director has been responsible for approving financial statements.

Carl von Einsiedel - Mr. von Einsiedel has a BSc. (Geology) (1987) from Carlton University in Ottawa, Ontario. He was granted the designation of Professional Geoscientist by the Association of Professional Engineers of British Columbia in 1992. Mr. von Einsiedel has been a director and/or officer of several publicly traded companies as well as a member of various audit committees. He has been a director of the Company since its inception in 2009 and most recently he was a director of CMC Metals Ltd. (TSX.V) until February 2018 and a director and the CEO of Cobalt 27 Capital Corp. (formerly Actus Minerals Corp.) (TSX.V) until his resignation in April 2017.

Garth Kirkham - Mr. Kirkham has a BSc. (1983) from the University of Alberta (Edmonton). He has held the designation of Professional Geologist in British Columbia since 2005, as well as that of Professional Geophysicist in Alberta since 1987 and in the Northwest Territories and Nunavut since 2005. He is a fellow of the Society of Economic Geologists and the Geological Association of Canada. He is a member of the Canadian Institute of Mining, the Association of Mineral Exploration of BC and the Prospectors and Developers Association of Canada.

Mr. Kirkham has been a director of the Company since its inception in 2009; and a director or adviser to each of Romios Gold Resources Inc. (TSX.V) since March 2005, Group Ten Metals Inc. (TSX.V) since June 2016; and ValOre Metals Corp (TSX.V) since November 2008. He has been a director of several other publicly traded companies in past years.

Mr. Kirkham is the past-President of the Canadian Institute of Mining. He is the Chair of the CIM Best Practices Committee and the Chair of the Geoscientists Canada, Securities Committee. Mr. Kirkham was audit committee chair and national council member for the Geological Association of Canada until May 2010 and is currently Chair of the Audit Committee for Geoscientists Canada. Mr. Kirkham has also served on the audit committee of several other public companies. He has also been awarded the Barlow Memorial Medal by the Canadian Institute of Mining and the Award of Merit by the Northwest Territories and Nunavut Association of Engineers, Geologist and Geophysicists.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on

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

Pre-Approval Policies and Procedures

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors" in the Company's Audit Committee Charter.

External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees¹	Tax Fees²	All Other Fees³
2018	\$6,000	nil	\$nil	nil
2017	\$6,000	nil	\$nil	nil

1. Fees charged for assurance and related services reasonably related to the performance of an audit, and not included under "Audit Fees".
2. Fees charged for tax compliance, tax advice and tax planning services.
3. Fees for services other than disclosed in any other column.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

None of the directors or executive officers of the Company or any subsidiary thereof, or any associate or affiliate of the above, is or has been indebted to the Company at any time since the beginning of the last completed financial year of the Company.

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

The Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of each of the following persons in any matter to be acted upon at the Meeting other than the election of directors, the approval of the Company's stock option plan, and the Reorganization:

- each person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year;
- each proposed nominee for election as a director of the Company; and
- each associate or affiliate of any of the foregoing.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Unless otherwise disclosed herein, no informed person or proposed nominee for election as a director, or any associate or affiliate of any of the foregoing, has or has had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Company's most recently completed financial year, which has materially affected or will materially affect the Company or any of its subsidiaries, other than as disclosed by the Company during the course of the year or as disclosed herein.

ANNUAL MEETING BUSINESS

1. Financial Statements

The Company's financial statements for the two fiscal years ended March 31, 2017 and 2018 will be presented to Shareholders at the Meeting. The financial statements have previously been filed on SEDAR and are available at www.sedar.com.

2. Election of Directors

The Board of Directors presently consists of two directors, however three directors are being put forward for election at the Meeting. The term of office for directors elected at the Meeting will expire at the next annual general meeting of Shareholders, unless a director resigns or is otherwise removed in accordance with the BCBCA or the Articles of the Company.

The persons named below will be presented at the Meeting for election as directors as nominees of management. It is the intention of the management designees, if named as proxy, to vote FOR the election of the persons listed in the table below to the Board of Directors.

It should be noted that the names of further nominees for election as director may come from the floor during the Meeting.

The following table sets out the names of the persons to be presented for election as director as nominees of management, all other positions and offices with the Company now held by them, their principal occupation or employment, the year in which they became a director of the Company and the number of shares of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them, if any, as at the date hereof:

Name and Residence of Proposed Directors and Present Offices Held	Date Elected or Appointed a Director	Principal Occupation	Number of Shares ¹
Carl von Einsiedel British Columbia, Canada <i>CEO, Director</i>	May 19, 2009	Self-employed; consulting geologist since September 1983, doing business as Ram Exploration Ltd.	4,901,381 ²
Robert Anderson British Columbia, Canada <i>Director</i>	Nominee	Self-employed provider of bookkeeping and accounting services to private and public companies.	nil
Kathryn Witter British Columbia, Canada <i>Director</i>	Nominee	Self-employed; providing corporate secretarial and accounting services to private and public companies.	nil

- 1 Information as to voting shares beneficially owned, not being within the knowledge of the Company, has been furnished by the respective nominees individually.
- 2 Includes 882,381 Common Shares held by Ram Exploration Ltd., and 794,667 Shares held by Sharon von Einsiedel (spouse of Carl von Einsiedel).

As neither Kathryn Witter nor Robert Anderson has previously been appointed as a director of the Company, the following is a brief description of their background and experience with public companies:

Ms. Witter has, since 1989, been the Chief Executive Officer of Marketworks, Inc., a private company specializing in providing financial, regulatory and consulting services to both emerging and mid-cap public companies trading in Canada, the USA and the United Kingdom. Ms. Witter has been a director and/or officer in several publicly traded companies and has experience in full cycle accounting, project and budget management; customization of managerial and administrative procedures, mergers and acquisition, negotiation and structuring. Ms. Witter, formerly the CFO, is currently the corporate secretary of Cobalt 27 Capital Corp., and the corporate secretary of both Awale Resources Ltd. and New Dimension Resources Ltd. Ms. Witter has worked with the Company for several years, and is familiar with its operations and financial statements.

Robert Anderson has been involved in the resource industry for 39 years with both exploration and mining companies. He has held CFO positions with 13 such companies over that time. He has also acted as a director and secretary for a number of these companies. His experience covers all levels of accounting, preparing corporate tax returns, prospectuses, flow-through shares, regulatory filings, contracts and mergers. His experience encompasses North and South American operations. Mr. Anderson has worked with the Company for several years, and is familiar with its operations and financial statements.

No proposed director:

1. is, at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
 - (a) 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;
 - (b) was the subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being 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,

- (c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
2. has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director,

other than:

- (i) Carl von Einsiedel was a director of the Company during the period from August 6, 2014 to October 2, 2018 during which the Company was subject to cease trade orders from the British Columbia Securities Commission (issued August 6, 2014), the Ontario Securities Commission (issued August 25, 2014), and the Alberta Securities Commission (issued November 5, 2014);
- (ii) Robert Anderson was a director of Newnote Financial Corp. (“Newnote”) when cease trade orders were issued against Newnote by the British Columbia Securities Commission (December 11, 2015) and the Ontario Securities Commission (December 17 and 30, 2015) for failure to file certain financial statements and corresponding MD&A and certifications, which cease trade orders have not been revoked;
- (iii) Robert Anderson was a director of Dentonia Resources Ltd. (“Dentonia”) when cease trade orders were issued against Dentonia by the British Columbia Securities Commission (January 9, 2013) and the Alberta Securities Commission (April 10, 2013) for failure to file certain financial statements and corresponding MD&A and certifications, which cease trade orders have not been revoked;
- (iv) Robert Anderson was a director of Goldbar Resources Inc. (“Goldbar”) when cease trade orders were issued against Goldbar by the British Columbia Securities Commission (February 4, 2013), the Ontario Securities Commission (February 7 and 19, 2013), and the Alberta Securities Commission (May 14, 2013) for failure to file certain financial statements and corresponding MD&A and certifications, which cease trade orders have not been revoked; and
- (iv) Robert Anderson was a director of Molystar Resources Inc. (“Molystar”) when cease trade orders were issued against Molystar by the British Columbia Securities Commission (May 11, 2009), the Ontario Securities Commission (May 13 and 25, 2009), and the Alberta Securities Commission (August 11, 2009) for failure to file certain financial statements and corresponding MD&A and certifications, which cease trade orders have not been revoked.

In addition, no proposed director has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulating authority that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

The directors and senior officers of the Company as a group beneficially own, directly or indirectly, 4,901,381 common shares of the Company representing 9.08% of the Company’s issued and outstanding share capital.

All of the proposed director nominees are resident in Canada.

3. Appointment of Auditor

It is the intention of the management designees, if named as proxy, to vote FOR the re-appointment of Wolrige Mahon Collins Barrow LLP (formerly Wolrige Mahon LLP) as auditor for the Company to hold office until the next annual general meeting of Shareholders, at a remuneration to be fixed by the Board of Directors. Wolrige Mahon Collins Barrow LLP was first appointed auditor of the Company in July 2018.

4. Approval of Incentive Stock Option Plan

The Company's Option Plan is a "rolling" stock option plan, whereby options to acquire a maximum of 10% of the issued and outstanding shares of the Company available for issuance thereunder.

The purpose of the Option Plan is to provide directors, officers and key employees of, and certain other persons who provide services to, the Company with an opportunity to purchase Common Shares of the Company at a specific price, and subsequently benefit from any appreciation in the value of the Company's Shares. This provides an incentive for such persons to contribute to the future success of the Company and enhances the ability of the Company to attract and retain skilled and motivated individuals, thereby increasing the value of the Company's Shares for the benefit of all Shareholders.

The exercise price of stock options granted under the Option Plan will be determined by the Board and will be priced in accordance with the policies of any applicable stock exchange, and will not generally be less than the closing price of the Company's shares on the date prior to the date of grant less any allowable discounts. All options granted under the Option Plan will have a maximum term of five years.

The Option Plan provides that it is solely within the discretion of the Board of Directors to determine who should receive options and how many they should receive. The Board may issue a majority of the options to insiders of the Company. However, the Option Plan provides that in no case will the Option Plan or any existing share compensation arrangement of the Company result, at any time, in the issuance to any option holder, within a one year period, of a number of Shares exceeding 5% of the Company's issued and outstanding Share capital.

The material terms of the Option Plan are as described above under the heading "Statement of Executive Compensation - Stock Option Plans and Other Incentive Plans". The full text of the Option Plan is available for review by any Shareholder up until the day preceding the Meeting at the Company's registered office, located at Suite 2900 – 595 Burrard Street, Vancouver, BC, and will also be available at the Meeting.

Shareholders will be asked to consider, and if thought fit to approve a resolution ratifying and approving the Company's Option Plan.

Management of the Company recommends that Shareholders vote in favour of the approval of the Option Plan, and if named as proxy, the management designees intend to vote the Common Shares represented by such proxy FOR approval of the Stock Option Plan, unless otherwise directed in the form of proxy.

5. Disposition of the Omineca Option Agreement

The Company seeks Shareholders' approval to the Company's disposition of all of its interests in the Omineca Option Agreement, to the Company's wholly owned subsidiary company – Bear Mountain Gold Mines Ltd. ("BMGM"), such that BMGM will hold all of the Company's interest in the Omineca Option Agreement, in addition to the Harrison South Mineral Tenures, the Harrison Development Operations Mineral Tenures, and the Haro Option. Pursuant to the Sale Agreement, the Company will assign and transfer its interests in the Omineca Option Agreement to BMGM, free and clear of all liens, in exchange

for which BMGM will (i) issue to SMG, 2,699,041 fully-paid and non-assessable BMGM Shares (calculated as one BMGM Share for every 20 SMG Shares currently outstanding), and (ii) assume the Harrison Liabilities; following which the Company will then distribute the BMGM Shares to the Company's Shareholders on a pro-rata basis, as a return of capital (collectively the "**Reorganization**").

As a result of the Reorganization, (i) all interests in and to the Omineca Option Agreement will be held by BMGM, and (ii) the shares of BMGM held by the Company will be cancelled, and the Company's Shareholders will become the sole shareholders of BMGM (pro-rata as to their current shareholdings in SMG). The Company believes this will be beneficial to the Shareholders of the Company, as:

- (i) BMGM will continue to develop the Harrison Gold Property, to build out its board of directors and management team, and to seek a listing on a Canadian stock exchange;
- (ii) it will allow BMGM to secure the financing necessary to allow it to undertake some additional work on the Harrison Gold Property so as to maintain the Omineca Option Agreement in good standing for the balance of 2018; and
- (iii) it will allow Sierra Madre to investigate alternative business opportunities.

Fairness of Reorganization

The Reorganization was determined to be fair to the Shareholders by the Board of Directors, based upon, but not limited to, the following factors:

1. The Reorganization does not in itself directly affect or prejudice Shareholders, in that they will continue to indirectly own all interests in the Harrison Gold Property, subject to a reduced amount of debt, being only the Harrison Liabilities.
2. The Reorganization is a rather simple means of continuing the development of the Harrison Gold Property while also enabling the Company to seek alternative business opportunities.
3. The Reorganization must be approved by at least two-thirds of the votes cast at the Meeting by Shareholders.
4. The availability of rights of dissent to registered Shareholders with respect to the Reorganization.

See also "*Other Material Information*" below.

Recommendations of Board of Directors

As set out above the Board of Directors has reviewed the terms and conditions of the Reorganization and concluded that the terms thereof are fair and reasonable to, and in the best interests of, the Shareholders. The Board of Directors has therefore authorized the submission of the Reorganization to the Shareholders for approval.

Assuming the Shareholders approve the Reorganization, the Board of Directors will still have discretion as to whether to complete the Reorganization. At the present time, the Board of Directors do not anticipate that this discretion will be exercised, and intend to complete the Reorganization.

Conditions to the Reorganization Becoming Effective

Pursuant to the Sale Agreement, the respective obligations of the Company and BMGM to complete the Reorganization are subject to the satisfaction of the following conditions, among other things:

1. The Reorganization must receive the approval of the Shareholders, as described under "Required Approvals - Shareholder Approval of Reorganization".

2. No action has been instituted and continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Reorganization, and no cease trading or similar order with respect to any securities of the Company or BMGM has been issued and remains outstanding.
3. The Company and BMGM have received all necessary orders and rulings from various securities commissions and regulatory authorities in the relevant provinces of Canada, where required.
4. All other consents, waivers, orders and approvals, including regulatory approvals and orders necessary for the completion of the Reorganization, have been obtained or received.
5. None of the consents, waivers, orders or approvals contemplated herein will contain conditions or require undertakings considered unsatisfactory or unacceptable by the Company.
6. The Sale Agreement has not been terminated as provided for therein.

Management of the Company believes that all consents, orders, regulations, approvals or assurances required for the completion of the Reorganization will be obtained prior to the Effective Date in the ordinary course and upon application therefor.

Upon fulfillment of the foregoing conditions, the Board of Directors intends to take such steps and make such filings as may be necessary for the Reorganization to be implemented. The Effective Date will be the date set out in such filings, but is expected to occur within five business days following the Meeting (assuming the Sale Resolution and the Distribution Resolutions are approved).

Required Approvals

Before the Reorganization can be implemented, the Sale Resolution, in the form set forth in Schedule A hereto, with or without variation, must be passed by at least two-thirds of the votes cast with respect thereto by Shareholders present at the Meeting either in person or by proxy. Each Common Share carries the right to one vote.

The Board of Directors has unanimously approved the Reorganization and recommends that Shareholders vote in favour of the Sale Resolution, 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.

Assuming the Sale Resolution is approved, Shareholders will also be asked to approve the Distribution Resolution pertaining to the Company's distribution of the BMGM Shares to the Shareholders as a return of capital. See item 6 below.

Amendment and Termination of the Sale Agreement

The Sale Agreement provides that it may be amended in a manner not materially prejudicial to the Shareholders by written agreement of the Company and BMGM prior to the Effective Date, without further notice to the Shareholders.

The Sale Agreement may, at any time before or after the holding of the Meeting but no later than the Effective Date, be terminated by the Board of Directors without further notice to, or action on the part of, Shareholders.

Failure to Complete Reorganization

In the event the Reorganization is not approved by Shareholders, or the Reorganization does not proceed for some other reason, the Company and BMGM will carry on business as they currently carry on.

Information Concerning the Harrison Gold Property

The Company's primary focus is the Harrison Gold Property located in south-western British Columbia. The Company holds interests in 28 mineral claims located near Harrison Lake, British Columbia, including an option to acquire a 100% interest in the Omineca Property Mineral Tenures pursuant to the Omineca Option Agreement from Omineca Mining and Metals Ltd. ("Omineca"). The Omineca Property Mineral Tenures are comprised of the following 11 mineral tenures:

Title Number	Owner	Title Type	Title Sub Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
235557	251965 (100%)	Mineral	Claim	092H032	1984/DEC/17	2021/DEC/31	GOOD	150.000
382167	251965 (100%)	Mineral	Claim	092H032	2000/OCT/21	2021/DEC/31	GOOD	500.000
382168	251965 (100%)	Mineral	Claim	092H032	2000/OCT/21	2021/DEC/31	GOOD	225.000
383387	251965 (100%)	Mineral	Claim	092H032	2000/DEC/23	2021/DEC/31	GOOD	25.000
384241	251965 (100%)	Mineral	Claim	092H032	2001/FEB/23	2021/DEC/31	GOOD	150.000
384242	251965 (100%)	Mineral	Claim	092H032	2001/FEB/23	2021/DEC/31	GOOD	500.000
384243	251965 (100%)	Mineral	Claim	092H032	2001/FEB/23	2021/DEC/31	GOOD	300.000
384244	251965 (100%)	Mineral	Claim	092H032	2001/FEB/22	2021/DEC/31	GOOD	25.000
384245	251965 (100%)	Mineral	Claim	092H032	2001/FEB/21	2021/DEC/31	GOOD	25.000
529139	251965 (100%)	Mineral	Claim	092H	2006/FEB/28	2021/DEC/31	GOOD	505.541
529146	251965 (100%)	Mineral	Claim	092H	2006/FEB/28	2021/DEC/31	GOOD	21.062
								2,426.603

Additional information regarding the Omineca Option Agreement and the Company's other interests in the Harrison Gold Property can be found under the Company's profile on SEDAR.

Omineca Option Agreement

On November 17, 2011 the Company signed an Option to Purchase Agreement with Omineca (the "Omineca Option Agreement") whereby Sierra Madre can acquire a 100% interest in the 2,427 ha Harrison Property. To exercise the option, the Company agreed to, on or before the fifth anniversary, (a) pay to Omineca an aggregate \$1,000,000; (b) deliver an aggregate of 4,000,000 Common Shares of Sierra Madre; and (c) incur an aggregate of at least \$3,000,000 of expenditures on the Property.

First Amending Agreement

On December 27, 2012 the Company consolidated its share capital on a one new for three old share basis which reduced the share consideration payable to Omineca. On December 5, 2013 the Company and Omineca amended the Omineca Option Agreement to include a provision whereby the number of shares payable to Omineca would remain unaltered in the event of future share consolidations. In consideration of the amendment, Omineca agreed to defer all payments, share issuances and expenditures due for one year.

Second Amending Agreement

On May 21, 2015, the Company and Omineca further amended the Omineca Option Agreement by (i) extending the share payment and expenditure due dates for a period of one year, (ii) reducing the total expenditures requirements to \$2,000,000; and (iii) amending the terms of the cash payments such that \$400,000 may be made in shares of the Company and the balance of \$500,000 to be paid in instalments by way of an Advanced Preferred Royalty. In consideration, the Company agreed to issue an additional 1,500,000 Common Shares.

Third Amending Agreement

On February 20, 2017, the Company and Omineca further amended the Omineca Option Agreement by adding BMGM to the agreement as a third party and amending the option payments schedule. This amendment also included a provision whereby BMGM could assume responsibility for the cash and share consideration payable to Omineca and assume responsibility for the exploration expenditures. As consideration, Sierra Madre agreed to issue an additional 500,000 Common Shares to Omineca, and BMGM agreed to incur a minimum of \$50,000 in exploration expenditures on the Property on or before December 31, 2017.

Payments, share issuances and expenditures are now due as follows:

Cash Payments (\$)	Share Payments	Exploration Expenditures (\$)	Due Dates
25,000	-	-	On execution date (paid)
25,000	66,667	-	December 5, 2011 (paid and issued)
50,000	100,000	-	December 5, 2012 (paid and issued)
-	-	50,000	December 31, 2017 (incurred)
-	666,666	100,000	December 31, 2018
-	500,000	100,000	December 31, 2019
400,000 ¹	2,000,000	1,750,000	December 31, 2020
500,000	-	-	Preferred Advance Royalty payments
1,000,000	3,333,333	2,000,000	

1. Payable in cash or common shares of the Company, at the Company's election.

As at June 30, 2018 the Company had incurred, either directly or through expenditures incurred pursuant to the Haro Option, a total of \$710,250 (\$586,474 as of June 30, 2017) in exploration expenditures on the Property. In order to maintain the Omineca Option Agreement in good standing, approximately \$25,000 of additional exploration expenditures must be incurred before December 31, 2018.

BMGM Mineral Tenures

Based on management's assessment of the Harrison Gold Project a decision was made to acquire additional mineral tenures to the south of the mineral tenures owned by Omineca (referred to as the Harrison South Tenures) and to acquire additional mineral tenures to the north and east of the mineral tenures owned by Omineca (referred to as the Harrison Development Operations Tenures).

Sierra Madre incorporated BMGM to acquire and hold title to the Harrison South Tenures and the Harrison Development Operations Tenures.

The Harrison South Mineral tenures are as follows:

Title Number	Owner	Title Type	Title Sub Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
834382	276870 (100%)	Mineral	Claim	092H	2010/SEP/27	2021/DEC/30	GOOD	210.6509
951791	276870 (100%)	Mineral	Claim	092H	2012/FEB/21	2021/DEC/30	GOOD	358.1523
983427	276870 (100%)	Mineral	Claim	092H	2012/MAY/02	2021/DEC/30	GOOD	21.0715
993682	276870 (100%)	Mineral	Claim	092H	2012/JUN/04	2021/DEC/30	GOOD	21.0738
1012805	276870 (100%)	Mineral	Claim	092H	2012/SEP/12	2021/DEC/30	GOOD	105.3589
								<u>716.3074</u>

The Harrison Development Operations tenures are as follows:

Title Number	Owner	Title Type	Title Sub Type	Map Number	Issue Date	Good To Date	Status	Area (ha)
951229	276870 (100%)	Mineral	Claim	092H	2012/FEB/20	2019/DEC/30	GOOD	84.1936
1013819	276870 (100%)	Mineral	Claim	092H	2012/OCT/17	2019/DEC/30	GOOD	315.6077
1013821	276870 (100%)	Mineral	Claim	092H	2012/OCT/17	2019/DEC/30	GOOD	610.4242
1016752	276870 (100%)	Mineral	Claim	092H	2013/FEB/07	2019/DEC/30	GOOD	63.1753
1016754	276870 (100%)	Mineral	Claim	092H	2013/FEB/07	2019/DEC/30	GOOD	21.0624
1017121	276870 (100%)	Mineral	Claim	092H	2013/FEB/22	2019/DEC/30	GOOD	231.5103
1017622	276870 (100%)	Mineral	Claim	092H	2013/MAR/07	2019/DEC/30	GOOD	189.4648
1018277	276870 (100%)	Mineral	Claim	092H	2013/APR/04	2019/DEC/30	GOOD	147.3253
1019719	276870 (100%)	Mineral	Claim	092H	2013/MAY/22	2019/DEC/30	GOOD	21.0623
1027708	276870 (100%)	Mineral	Claim	092H	2014/APR/20	2019/DEC/30	GOOD	84.1465
1035351	276870 (100%)	Mineral	Claim	092H	2015/APR/07	2019/DEC/30	GOOD	105.2981
1047317	276870 (100%)	Mineral	Claim	092H	2016/OCT/18	2019/DEC/30	GOOD	63.1398
								<u>1936.4103</u>

The Harrison South Tenures and the Development Operations Tenures are within the Area of Mutual Interest defined in the Omineca Option Agreement and therefore form part of the Harrison Gold Property. In the event that Sierra Madre and BMGM do not meet the terms of the Omineca Option Agreement, ownership of the Harrison South Tenures and the Harrison Development Operations Tenures will be transferred to Omineca.

Project Summary

The Harrison Gold Property claims cover several intrusion related gold occurrences that have been intermittently explored by various operators since the early 1970's. Approximately \$4.0 - \$7.0 million was expended by Abo Resources, Kerr Addison Mines Ltd., Bema International Resources Ltd. and Northern Continental Resources over the last 35 years.

Exploration work since 1970 has included a total of 19,490m (64,000') of diamond drilling in 161 drill holes and small-scale underground development work. Most of the historic work was focused on the northern part of the Property in the area of the Jenner and Portal Zones. Drill results reported from the Portal Zone include 30 meters averaging 3.17 grams per tonne gold (EMPR ASS RPT 19584). Drill results reported from the Jenner Zone include 64m averaging 3.77 g/t (EMPR ASS RPT 20144). In addition to the Jenner and Portal Zones the Property hosts numerous additional target areas located within a plateau area referred to as BMGM. Other gold-bearing zones identified by previous operators on the

Property include the Hill and Lake Stock Zones. These areas have seen limited exploration in comparison to the Jenner and Portal Zones.

Since acquiring an option on the Property, the Company completed extensive repairs to the core storage area and the existing underground workings, completed orientation soil surveys over several known mineralized zones, staked several mineral claims adjoining the Harrison Gold Project and completed extensive soil geochemical surveys of the central and southern part of the plateau area on Bear Mountain. The objectives of the soil surveys were to determine the trace element signature of known mineralized zones (an extensive previous soil survey by Kerr Addison Mines (ARIS 15904) only reported gold values) and to define exploration target areas which may represent additional mineralized zones in the central and southern extension of the Bear Mountain plateau area.

Since 2014 the Company has focused on evaluating potential development options for the project that would minimize the impact on local communities. On January 30, 2016 the Company submitted an application to the Ministry of Mines for an amended exploration permit that would allow the Company to complete a verification drilling program to confirm the historic results reported by previous operators and re-open existing underground workings and extract a mini bulk sample for metallurgical and environmental test work.

The following table summarizes the project exploration expenditures and acquisition costs of the Harrison Gold Project as at March 31, 2018.

	March 31, 2012	March 31, 2013	March 31, 2014	Year end March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018 *
Acquisition costs							
Balance, beginning of yer	-	74,000	130,000	130,000	130,000	130,000	130,000
Additions	74,000	56,000	-	-	-	-	-
Balance, end of year	74,000	130,000	130,000	130,000	130,000	130,000	130,000
Exploration expenses							
Balance, beginning of period	-	106,449	358,471	533,955	557,485	583,974	586,474
Assaying	-	27,528	24,719	-	-	2,500	22,269
Equipment rental	2,800	2,090	23,610	4,500	4,500	-	2,508
Field office	-	-	3,775	-	-	-	-
Geological fieldwork	94,800	194,831	68,236	8,167	20,489	-	32,703
Engineering	-	-	-	10,863	-	-	-
Materials and supplies	4,349	5,491	3,677	-	-	-	29,479
Metallurgical Testing	-	-	-	-	1,500	-	-
Other costs	-	9,570	-	-	-	-	5,170
Project management	4,500	-	-	-	-	-	-
Reports, drafting and maps	-	10,773	51,467	-	-	-	31,647
Travel	-	1,739	-	-	-	-	-
Total for the period	106,449	252,022	175,484	23,530	26,489	2,500	123,776
Project to date exploration expenses	106,449	358,471	533,955	557,485	583,974	586,474	710,250
Total spending project to date	180,449	488,471	663,955	687,485	713,974	716,474	840,250

* all 2018 expenditures were incurred by Haro Metals Corp. as part of the Haro Option

Other Material Information

The Company has aggregate liabilities of \$822,783 as of June 30, 2018. A total of \$287,822 will be assumed by BMGM as the “Harrison Liabilities”. \$259,494 of the Harrison Liabilities are owed to Ram Explorations Ltd., a private company controlled by Carl von Einsiedel, the CEO and a director of the Company and \$28,328 of the Harrison Liabilities are owed to Garth Kirkham, a director of the Company. Mr. von Einsiedel expended significant personal resources, either directly or through Ram Explorations Ltd, to maintain the Omineca Option Agreement in good standing by undertaking work on the Harrison Gold Property during the four years the Company was subject to cease trade orders.

Subsequent to the completion of the Reorganization, it is anticipated that the Harrison Liabilities will be converted at a price of \$0.15 per BMGM Share to 1,918,813 BMGM Shares, such that Mr. von Einsiedel will hold a controlling equity interest in BMGM. Concurrent with the conversion of the Harrison Liabilities to BMGM Shares, BMGM intends to undertake a private placement of up to \$200,000 to be comprised of a combination of (i) BMGM flow-through shares at a price of \$0.10 per share, and (ii) units at a price of \$0.10 per unit, where each unit is comprised on one BMGM Share and one warrant to acquire a BMGM Share at a price of \$0.15 per share for a period of 12 months commencing from the date on which BMGM is listed on a stock exchange. Firm commitments totaling \$100,000 have been received for the private placement, subject only to the completion of the Reorganization and the conversion of the Harrison Liabilities to BMGM Shares on the terms described above.

The majority of the remaining debt, after the transfer of the Harrison Liabilities to BMGM, owed by the Company is also owed to Ram Explorations Ltd. or Carl von Einsiedel. The Company is contemplating undertaking a private placement of its Shares to enable the Company to pay such liabilities. Common Shares issued under such private placement would represent a significant equity interest in the Company. The Company is also contemplating a share consolidation, so as to better enable it to attract private placement financing and new business opportunities.

6. Return of Capital

Assuming the Sale Resolution is passed, the directors of the Company will, following closing of the Sale Agreement, seek to distribute the BMGM Shares to the Company’s Shareholders (the “**Distribution**”). As noted above, and as discussed in the tax considerations below, the Company intends to distribute the BMGM Shares received by it to the Shareholders as a return of capital, with a concurrent reduction of the Company’s capital, rather than as a capital dividend.

To that end, the Company has set a record date of September 26, 2018 (being the same record date for the Meeting) for the purpose of determining Shareholders eligible to participate in the Distribution.

Section 74 of the BCBCA provides that the Company may reduce its capital if it is authorized to do so by a special resolution of the shareholders. As such, while the directors have resolved to effect the Distribution by way of return of capital, shareholders must still pass a resolution to approve the Company’s reduction of its capital. It should be noted that subsection 74(1.1) states that a company must not reduce its capital if there are reasonable grounds for believing that the realizable value of the company’s assets would, after the reduction, be less than the aggregate of its liabilities. In this instance, the Company will continue to have approximately \$600,000 of liabilities following the transfer of the Harrison Liabilities. As such, the Company intends to reduce its liabilities prior to effecting the Distribution and capital reduction so as to comply with the provisions of the BCBCA. The Company anticipates it will undertake a private placement of its Shares for purposes of then being able to settle its liabilities.

Should Shareholders fail to pass a resolution to deem the Distribution as a return of capital, (the “**Distribution Resolution**”) the Distribution will instead be deemed to a dividend-in-specie. The tax

consequences of categorizing the Distribution as a return of capital versus a dividend are material. Generally, assets received as a return of capital will not be considered income and are thus tax-exempt, whereas a dividend is taxable in the hands of the shareholders. See “Certain Canadian Federal Income Tax Considerations” below. Assets generated from the sale of capital assets and paid to shareholders can constitute a return of capital if such assets were not derived in the Company’s normal course of business and instead represent a portion of the shareholders’ original investment in the business. In this instance, the BMGM Shares received as a result of the sale of the Harrison Property to BMGM will be assets received outside the ordinary course of the Company’s business. While a return of capital will not be a taxable event; it will affect the cost base of the Company’s Common Shares held by Shareholders.

Provided Shareholders vote in favour of the Distribution Resolution, the distribution of BMGM Shares will be deemed to be a return of capital pursuant to which the Company’s stated capital maintained in respect of its Shares will be reduced by an amount determined by the Company as being the fair market value thereof.

Shareholders will be asked to consider and, if deemed appropriate, to pass, with or without variation, a special resolution to approve a return of capital to Shareholders of the Company, which will be made through the distribution of all of the BMGM Shares received by the Company, on a pro-rata basis to the Shareholders of the Company, and a concurrent reduction of the stated capital of the Company as more fully described herein.

In accordance with the provisions of the BCBCA, an affirmative vote by the holders of at least two-thirds of the Common Shares represented and voted at the Meeting is necessary to approve the Distribution Resolution. **The Board of Directors recommends that Shareholders vote in favour of the Distribution Resolution. The persons designated in the enclosed Voting Instruction Form or Form of Proxy, unless instructed otherwise, intend to vote FOR the Distribution Resolution.**

Canadian Federal Income Tax Considerations

The following is a summary of the principal Canadian federal income tax considerations relating to the Reorganization generally applicable to Shareholders who, for purposes of the ITA and at all relevant times: (a) are not exempt from Canadian federal income tax; (b) hold their Common Shares as capital property and will hold any BMGM Shares as capital property; (c) are not affiliated with the Company or BMGM; (d) deal at arm’s length with the Company and BMGM; and (e) immediately after the completion of the Reorganization will not, either alone or together with persons with whom they do not deal at arm’s length, and persons with whom they do not deal at arm’s length will not, either control BMGM or beneficially own BMGM Shares which have a fair market value in excess of 50% of the fair market value of all the outstanding BMGM Shares (a “**Holder**”).

Common Shares and BMGM Shares will generally be considered to be capital property to a Holder thereof, unless such securities are held in the course of carrying on a business or were acquired in a transaction considered to be an adventure in the nature of trade. Certain Holders who are resident in Canada and who might not otherwise be considered to hold their Common Shares or BMGM Shares as capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the ITA to have such shares, and every other “Canadian security” as defined in the ITA, owned by such Holder in the taxation year in which the election is made, and in all subsequent taxation years, deemed to be capital property. Any person contemplating making a subsection 39(4) election should first consult their tax advisor for advice as the making of such election will affect the income tax treatment of the person’s disposition of other Canadian securities.

This summary is not applicable to a Holder: (i) that is a “financial institution” for the purposes of the “mark-to-market property” rules contained in the ITA; (ii) that is a “specified financial institution” as defined in the ITA; (iii) of an interest which is a “tax shelter investment” as defined in the ITA, (iv) who

has acquired Common Shares upon the exercise of an employee stock option; or (v) that is a taxpayer whose “functional currency” for the purposes of the ITA is the currency of a country other than Canada.

This summary is based upon the current provisions of the ITA, the regulations thereunder (the “**Regulations**”), and counsel’s understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the “**CRA**”). This summary also takes into account all specific proposals to amend the ITA and Regulations (the “**Proposed Amendments**”) announced by the Minister of Finance (Canada) prior to the date hereof, and assumes that all Proposed Amendments will be enacted in their present form. If the Proposed Amendments are not enacted as presently proposed, the tax consequences may not be as described below in all cases. This summary does not take into account or anticipate any other changes in law or administrative or assessing practice, whether by legislative, governmental, or judicial action or decision, nor does it take into account provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Reorganization.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. No representation with respect to the Canadian federal income tax consequences to any particular Shareholder is made herein. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances including, where relevant, the application and effect of the income and other taxes of any country, province, territory, state or local tax authority.

Holders Resident in Canada

This part of the summary applies generally to a Holder who, at all material times, is or is deemed to be resident in Canada for the purposes of the ITA (a “**Resident Holder**”).

Reorganization

There are no material income tax consequences applicable to or resulting from the Reorganization, as pertain to the Company or the Shareholders.

Treatment of the Return of Capital

The Company has determined that the amount of the return of capital will be less than the “paid-up capital” of the Company’s outstanding Common Shares for purposes of the Tax Act. As a result, the Distribution will be treated as a return of capital for Canadian federal income tax purposes unless a provision of the Tax Act deems otherwise. Subsection 84(4.1) of the Tax Act applies in certain circumstances to deem a return of capital by a public corporation (such as the Company) to be a dividend. However, subsection 84(4.1) of the Tax Act does not apply to the return of capital, provided that (i) the return of capital can reasonably be considered to have been derived from proceeds of disposition realized by the Company from a transaction that occurred outside the ordinary course of its business but within the period that commenced 24 months before the return of capital, and (ii) no other amount that may reasonably be considered to have derived from such proceeds was paid by the Company as a reduction of paid-up capital prior to the return of capital. Management has determined that the return of capital will be occur as a direct result of the transfer by the Company of its interests in the Harrison Property to BMGM, that such transaction was outside of the ordinary course of the Company’s business, and that no amount that may reasonably be considered to have derived from such sale will have been paid by the Company as a reduction of paid-up capital prior to the return of capital. Therefore, the return of capital should be treated as a tax-free return of paid-up capital (subject to the comments below concerning the reduction of

the adjusted cost base of its common shares) and not as a deemed dividend pursuant to subsection 84(4.1) of the Tax Act.

Resident Shareholders

The fair market value of all BMGM Shares received by a Resident Holder from the Company on the return of capital must be deducted in computing the adjusted cost base to a Resident Holder of such Resident Holder's Shares in the capital of the Company. If the amount so required to be deducted from the adjusted cost base of the Shares to a particular Resident Holder is equal to or less than the adjusted cost base of such Shares, then no gain or loss will be realized or deemed to be realized by the Resident Holder. If the amount so required to be deducted from the adjusted cost base of the Shares to a particular Resident Holder exceeds the adjusted cost base of such Shares, the excess will be deemed to be a capital gain realized by such Resident Holder from a disposition of such Shares. Generally, a Resident Holder is required to include in computing its income for a taxation year one-half of the amount of any capital gain (a "taxable capital gain") realized in the year. A Resident Holder that is throughout the year a Canadian-controlled private corporation (as defined in the Tax Act) may be liable to pay an additional refundable tax on certain investment income, including taxable capital gains. The cost of the BMGM Shares received by a Resident Holder on the return of capital will be equal to the fair market value thereof, which the Company will seek to determine prior to effecting the return of capital.

Dissenting Resident Holders

A Resident Holder who dissents in respect of the Reorganization (a "**Resident Dissenter**") and who is entitled to receive payment from the Company equal to the fair value of the Resident Dissenter's Common Shares will be considered to have disposed of the Common Shares for proceeds of disposition equal to the amount received by the Resident Dissenter, less the amount of any interest awarded by a court, as the case may be. A Resident Dissenter generally will be deemed to have received a dividend equal to the amount by which such proceeds exceed the paid-up capital of such shares, and such deemed dividend will reduce the proceeds of disposition for purposes of computing a capital gain (or a capital loss) on the disposition of such Common Shares.

A Resident Dissenter will also realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of such Common Shares, as reduced by the amount of any deemed dividend as discussed above and net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares immediately before the disposition.

Interest awarded by a court to a Resident Dissenter will be included in the Resident Dissenter's income for a particular taxation year to the extent the amount is received or receivable in that year, depending upon the method regularly followed by the Resident Dissenter in computing income. Where the Resident Dissenter is a corporation, partnership or, subject to certain exceptions, a trust, the Resident Dissenter must include in income for a taxation year the amount of interest that accrues to it before the end of the taxation year, or becomes receivable or is received before the end of the year (to the extent not included in income for a preceding taxation year). Resident Dissenters who are contemplating exercising their dissent rights should consult their own tax advisors.

No U.S. Legal Opinion or IRS Ruling

No legal opinion from U.S. legal counsel or ruling from the United States Internal Revenue Service has been requested, or will be obtained, regarding the U.S. federal income tax consequences of the Reorganization. Shareholders who are subject to U.S. taxation should consult with their own professional advisers with regard to the Reorganization's U.S. tax implications.

RIGHTS OF DISSENT

Shareholders can dissent against the Sale Resolution (but not against any other resolution proposed herein). The following description of the rights of registered Shareholders to dissent and be paid fair value for their Common Shares is not a comprehensive statement of the procedures to be followed by a registered Shareholder and is qualified in its entirety by Sections 237 to 247 of the BCBCA, a copy of which is attached to this Circular as Schedules B. **A registered Shareholder who intends to exercise a right of dissent should carefully consider and comply with the provisions of Section 237 to 247 of the BCBCA, and should seek independent legal advice.** Failure to comply with the provisions of those sections, and to adhere to the procedures established therein may result in the loss of all rights thereunder.

A Shareholder who intends to exercise its right of dissent must deliver a written objection to the Sale Resolution (a “Dissent Notice”) to the registered office of the Company at 29th floor, 595 Burrard Street, Vancouver, British Columbia, V7Z 1J5, to be received by no later than 10:00 a.m. (Vancouver time) on the Meeting Date, and must not vote any Common Shares it holds in favour of the Sale Resolution. A Beneficial Shareholder who wishes to exercise its rights of dissent must arrange for the registered Shareholder holding its Common Shares to deliver the Dissent Notice.

If the Sale Resolution is passed at the Meeting, the Company must send by registered mail to every Dissenting Shareholder, a notice (a “Notice of Intention”) stating that, subject to satisfaction of the other conditions set out in the Sale Agreement, the Company intends to complete the Reorganization, and advising the Dissenting Shareholder that if the Dissenting Shareholder intends to proceed with its exercise of its rights of dissent it must deliver to the Company, within 14 days of the mailing of the Notice of Intention, a written statement containing the information specified by the BCBCA, together with the certificates representing the Common Shares it holds.

A Dissenting Shareholder delivering such a written statement may not withdraw from its dissent and, at the Effective Date, will be deemed to have transferred to the Company all of the Common Shares it holds. The Company will pay to each Dissenting Shareholder the amount agreed between the Company and the Dissenting Shareholder for its Common Shares. Either the Company or a Dissenting Shareholder may apply to the Court if no agreement on the terms of the sale of the Common Shares held by the Dissenting Shareholder has been reached and the Court may:

- determine the fair value that the Common Shares had immediately before the passing of the Sale Resolution, excluding any appreciation or depreciation in anticipation of the Reorganization unless exclusion would be inequitable, or order that such fair value be established by arbitration or by reference to the Registrar, or a referee of the court;
- join in the application each other Dissenting Shareholder which has not reached an agreement for the sale of its Common Shares to the Company; and
- make consequential orders and give directions it considers appropriate.

If a Dissenting Shareholder fails to strictly comply with the requirements of its rights of dissent set out in the BCBCA, it will lose such rights, the Company will return to the Dissenting Shareholder the certificates representing the Common Shares that were delivered to the Company, if any, and, if the Reorganization is completed, that Dissenting Shareholder will be deemed to have participated in the Reorganization on the same terms as other Shareholders who did not exercise their rights of dissent.

If a Dissenting Shareholder strictly complies with the foregoing requirements but the Reorganization is not completed, then the Company will return to the Dissenting Shareholder the certificates delivered to the Company, if any, pursuant to its rights of dissent.

INFORMATION CONCERNING THE COMPANY AND BMGM

Current information concerning the Company is available on SEDAR at *www.sedar.com*; and the Company hereby expressly incorporates by reference herein (i) its financial statements for the fiscal years ended March 31, 2017 and 2018; (ii) its management discussion and analysis of such financial statements (MD&A); and (iii) all news releases and material change reports filed in the 12 months prior to the date of this Circular.

BMGM is a private British Columbia company, wholly owned by the Company. BMGM was incorporated by the Company to acquire and hold certain mineral property interests in and around the Harrison Property being optioned by the Company.

The Company is, and after completion of the Reorganization will continue to be, a reporting issuer, but without its Shares being listed on any stock exchange. After completion of the Reorganization the Company will seek alternative business opportunities.

ADDITIONAL INFORMATION

Additional information regarding the Company and its business activities is available on the SEDAR website located at *www.sedar.com* under “Company Profiles – Sierra Madre Developments Inc”. The Company’s audited financial statements and management discussion and analysis (“MD&A”) for the financial years ended March 31, 2017 and 2018 are available for review under the Company’s profile on SEDAR. Shareholders may contact the Company to request copies of the financial statements and MD&A at Suite 2900 – 595 Burrard Street, Vancouver, BC V7X 1J5.

BOARD APPROVAL

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

DATED at Vancouver, British Columbia, the 12th day of October, 2018.

ON BEHALF OF THE BOARD

“Carl von Einsiedel”

Chief Executive Officer

SCHEDULE A

SIERRA MADRE DEVELOPMENTS INC.

SALE RESOLUTION

BE IT RESOLVED THAT, AS A SPECIAL RESOLUTION:

1. The sale and disposition by Sierra Madre Developments Inc. (“Sierra Madre”) to Bear Mountain Gold Mines Ltd. (“BMGM”) of all of Sierra Madre’s interest in the Omineca Option Agreement in exchange for common shares of BMGM (the “Sale”), all as more particularly described and set forth in the Management Information Circular (the “Circular”) of Sierra Madre dated October 12, 2018 (as the Sale may be modified, supplemented or amended), is hereby authorized, approved and adopted.
2. The agreement of purchase and sale (the “Sale Agreement”) between Sierra Madre and BMGM, dated October 10, 2018, the actions of the directors of Sierra Madre in approving the Sale, and the actions of the officers of Sierra Madre in executing and delivering the Sale Agreement and any amendments thereto, are hereby ratified and approved.
3. Notwithstanding that this resolution has been passed (and the Sale adopted) by the Shareholders of Sierra Madre, the directors of Sierra Madre are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Sierra Madre:
 - (a) to amend the Sale Agreement to the extent permitted thereby; or
 - (b) subject to the terms of the Sale Agreement, not to proceed with the Sale.
6. Any director or officer of Sierra Madre is hereby authorized and directed for and on behalf of Sierra Madre to execute, whether under corporate seal of Sierra Madre or otherwise, and to deliver such documents as are necessary or desirable to give effect to the Sale.
7. Any director or officer of Sierra Madre is hereby authorized, for and on behalf and in the name of Sierra Madre, to execute and deliver, whether under corporate seal of Sierra Madre or otherwise, all such agreements, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to the foregoing resolutions, the Sale Agreement and the completion of the Sale in accordance with the terms of the Sale Agreement, including:
 - (a) all actions required to be taken by or on behalf of Sierra Madre, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Sale Agreement or otherwise to be entered into by Sierra Madre,

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE B

DISSENT PROVISIONS OF THE *BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)*

DEFINITIONS AND APPLICATION

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

RIGHT TO DISSENT

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company’s undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder’s own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder’s name and on whose behalf the shareholder is dissenting,

- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
 - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
 - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

WAIVER OF RIGHT TO DISSENT

- 239 (1)** A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
 - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
 - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
 - (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.
- (4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

NOTICE OF RESOLUTION

- 240 (1)** If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,
- (a) a copy of the proposed resolution, and
 - (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.
- (2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
 - (b) a statement advising of the right to send a notice of dissent.
- (3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,
- (a) a copy of the resolution,
 - (b) a statement advising of the right to send a notice of dissent, and
 - (c) if the resolution has passed, notification of that fact and the date on which it was passed.
- (4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

NOTICE OF COURT ORDERS

- 241** If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent,
- (a) a copy of the entered order, and
 - (b) a statement advising of the right to send a notice of dissent.

NOTICE OF DISSENT

- 242 (1)** A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,
- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least one (1) day before the date on which the resolution is to be passed or can be passed, as the case may be,
 - (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
 - (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.
- (2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (g) must
- (a) send written notice of dissent to the company on or before the date specified by the resolution or in the statement referred to in section 240 (2) (b) or (3) (b) as the last date by which notice of dissent must be sent, or
 - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238 (1) (h) in respect of a court order that permits dissent must send written notice of dissent to the company
- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
 - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
 - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
 - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
 - (i) the name and address of the beneficial owner, and
 - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.
- (5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

NOTICE OF INTENTION TO PROCEED

- 243 (1)** A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
 - (i) the date on which the company forms the intention to proceed, and
 - (ii) the date on which the notice of dissent was received, or
 - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
 - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
 - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

COMPLETION OF DISSENT

- 244 (1)** A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
 - (b) the certificates, if any, representing the notice shares, and
 - (c) if section 242 (4) (c) applies, a written statement that complies with subsection (2) of this section.
- (2) The written statement referred to in subsection (1) (c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
 - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out

- (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),
 - (a) the dissenter is deemed to have sold to the company the notice shares, and
 - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

PAYMENT FOR NOTICE SHARES

- 245 (1)** A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must
 - (a) promptly pay that amount to the dissenter, or
 - (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may
 - (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
 - (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244 (1), and
 - (c) make consequential orders and give directions it considers appropriate.
- (3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)
 - (a) of this section, the company must
 - (a) pay to each dissenter who has complied with section 244 (1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
 - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
 - (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
 - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the

company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

- (5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that
- (a) the company is insolvent, or
 - (b) the payment would render the company insolvent.

LOSS OF RIGHT TO DISSENT

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

SHAREHOLDERS ENTITLED TO RETURN OF SHARES AND RIGHTS

247 If, under section 244 (4) or (5), 245 (4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244 (1) (b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244 (6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE C

AUDIT COMMITTEE CHARTER

A. OVERVIEW AND PURPOSE

The Audit Committee of Sierra Madre Developments Inc. (the “Company”) has been formed by the Company’s Board of Directors to bear responsibility for oversight of the Company’s financial reporting process, thereby complying with applicable securities laws and the rules of any stock exchange upon which the Company’s shares may be listed.

The Audit Committee is responsible to the Board of Directors of the Company. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to:

- (a) disclosure of financial and related information;
- (b) the relationship with and expectations of the external auditors of the Company, including the establishment of the independence of the external auditors;
- (c) the oversight of the Company’s internal controls; and
- (d) any other matters that the Audit Committee feels are important to its mandate or that the Board of Directors of the Company chooses to delegate to it.

The Audit Committee will approve, monitor, evaluate, advise or make recommendations in accordance with this Charter, with respect to the matters set out above.

B. ORGANIZATION

1. Size and Membership Criteria

The Audit Committee will consist of three or more Directors of the Company.

A majority of the members of the Audit Committee must be independent of management and free from any interest, business or other relationship, other than interests and relationships arising from holding common shares of the Company or other securities which are exchangeable into common shares of the Company, which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the Company.

All members of the Audit Committee should be financially literate and be able to read and understand basic financial statements. At least one member of the Audit Committee should have accounting or related financial expertise and should be able to analyze and interpret a full set of financial statements, including notes, in accordance with generally accepted accounting principles.

2. Appointment and Vacancies

The members of the Audit Committee are appointed or reappointed by the Board of Directors following each annual meeting of the shareholders of the Company. Each member of the Audit Committee will continue to be a member of the Audit Committee until his or her successor is appointed unless he or she resigns or is removed by the Board of Directors of the Company or ceases to be a Director of the Company. Where a vacancy occurs at any time in the membership of the Audit Committee the Board of Directors of the Company may appoint a qualified individual to fill such vacancy and must appoint a qualified individual if the membership of the Audit Committee is less than three Directors as a result of any such vacancy.

C. MEETINGS

1. Frequency

The Audit Committee will meet at least four times per year on a quarterly basis, or more frequently as circumstances require. In addition, the Audit Committee may also meet at least once per year with management and the external auditors of the Company in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately.

2. Chair

The Board of Directors of the Company or, in the event of its failure to do so, the members of the Audit Committee, will appoint a Chair from amongst their number. If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the Chair of the meeting will be chosen by the Audit Committee from among the members present.

The Audit Committee will also appoint a secretary who need not be a Director of the Company.

3. Time and Place of Meetings

The time and place of meetings of the Audit Committee and the procedure at such meetings will be determined from time to time by the members of the Audit Committee, provided that:

- (a) a quorum for meetings of the Audit Committee will be two members present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, and
- (b) notice of the time and place of every meeting will be given in writing or electronically / facsimile to each member of the Audit Committee, the internal auditors, the external auditors and the corporate secretary of the Company at least 24 hours prior to the time fixed for such meeting.

Any person entitled to notice of a meeting of the Audit Committee may waive such notice (and attendance at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called).

A meeting of the Audit Committee may be called by the corporate secretary of the Company on the direction of the Chief Executive Officer of the Company, by any member of the Audit Committee or the external auditors. Notwithstanding the foregoing, the Audit Committee will at all times have the right to determine who will and will not be present at any part of the meeting of the Audit Committee.

4. Agenda

The Chairman will ensure that the agenda for each upcoming meeting of the Audit Committee is circulated to each member of the Audit Committee as well as each of the external auditors and corporate secretary of the Company at the time of giving notice of the meeting of the Audit Committee.

5. Resources

The Audit Committee will have the authority to retain independent legal, accounting and other consultants to advise the Audit Committee, and to set the pay and compensation for such consultants. The Audit Committee may request any officer or employee of the Company or its subsidiaries or the legal counsel to the Company or the external auditors of the Company to attend any meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

D. DUTIES AND RESPONSIBILITIES

The Board of Directors of the Company has delegated the following duties and responsibilities to the Audit Committee, and the Audit Committee shall have the sole authority and responsibility to carry out such duties and responsibilities:

1. Review and Reporting Procedures

The Audit Committee will make regular reports to the Board of Directors of the Company. The Audit Committee will review and re-assess this Audit Committee Charter on an annual basis and make recommendations for changes to this Charter. The Audit Committee will also periodically perform a self-assessment of its performance against its mandate.

2. Financial Reporting

The Audit Committee will review and discuss with management, the internal auditors (as applicable) and the external auditors of the Company the following financial statements and related information prior to filing or public dissemination:

- (a) annual audited financial statements of the Company, including notes;
- (b) interim financial statements of the Company;
- (c) management discussion and analysis (“MD&A”) relating to each of the annual audited financial statements and the interim financial statements of the Company;
- (d) news releases and material change reports announcing annual or interim financial results or otherwise disclosing the financial performance of the Company, including the use of non-GAAP earnings measures;
- (e) the annual report of the Company;
- (f) all financial-related disclosure to be included in management proxy circulars of the Company in connection with meetings of shareholders; and
- (g) all financial-related disclosure to be included in or incorporated by reference into any prospectus or other offering documents that may be prepared by the Company.

As part of this review process, the Audit Committee will meet with the external auditors without management present to receive input from the external auditors with respect to the acceptability and quality of the relevant financial information.

The Audit Committee will also review the following items in relation to the above listed documents:

- (a) significant accounting and reporting issues or plans to change accounting practices or policies and the financial impact thereof;
- (b) any significant or unusual transactions;
- (c) significant management estimates and judgments; and
- (d) monthly financial statements.

Following the review by the Audit Committee of the documents set out above, the Audit Committee will provide its recommendations to the Board of Directors that such documents either be approved by the Board of Directors and filed with all applicable securities regulatory bodies and/or be sent to shareholders, or rejected and amended.

3. External Auditors

The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the external auditors of the Company (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing its audit report or performing other audit review or other services. As a result, the Audit Committee will review and recommend the appointment of the external auditors and the remuneration of the external auditors.

The Audit Committee will review on an annual basis the performance of the external auditors of the Company. The Audit Committee will discuss with the external auditors any disclosed relationships or non-audit services that the external auditors propose to provide to the Company or any of its subsidiaries that may impact the objectivity and independence of the external auditors in order to satisfy itself of the independence of the external auditors. In addition, the Audit Committee will review on an annual basis the scope and plan of the work to be done by the external auditors of the Company for the coming financial year.

Prior to the release of the annual financial statements of the Company, the Audit Committee will discuss certain matters required to be communicated to the Audit Committee by the external auditors in accordance with the standards established by the Canadian Institute of Chartered Professional Accountants. The Committee will also consider the external auditors' judgment about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.

4. Legal and Compliance

The Audit Committee is responsible for reviewing with management of the Company the following:

- (a) any off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company and its subsidiaries which would have a material current or future effect on the financial condition of the Company;
- (b) major risk exposures facing the Company and the steps that management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies;
- (c) any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and its subsidiaries and the manner in which these matters have been disclosed in the financial statements; and
- (d) the quarterly and annual certificates of the Chief Executive Officer and the Chief Financial Officer of the Company certifying the Company's quarterly and annual financial filings.

5. Internal Controls

The Audit Committee is responsible for reviewing the adequacy of the Company's internal control structures and procedures designed to ensure compliance with applicable laws and regulations.

The Audit Committee is responsible for establishing procedures for the following:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees or consultants of the Company of concerns regarding questionable accounting or auditing matters.

The Audit Committee will review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors. The Audit Committee will also review the letters from the external auditors of the Company outlining the material weaknesses in internal controls noted from their audit, including relevant drafts of such letters.