

MINERAL HILL INDUSTRIES LTD.

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INFORMATION CIRCULAR

(As at November 13, 2020 except as indicated)

The Company is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general meeting (the "Meeting") of the Company to be held on December 18, 2020 and at any adjournments. Unless the context otherwise requires, when we refer in this Information Circular to the Company, its subsidiaries are also included. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

APPOINTMENT OF PROXYHOLDER

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the "Management Proxyholders").

A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder needs not be a shareholder.

VOTING BY PROXY

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting. At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

COMPLETION AND RETURN OF PROXY

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, not later than forty-eight (48) hours, excluding Saturdays, Sundays and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

NON-REGISTERED HOLDERS

Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.

Most shareholders of the Company are “non-registered” shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP’s, RRIF’s, RESP’s and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a “Nominee”). If you purchased your shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

Non-registered holders who have not objected to their Nominee disclosing certain ownership information about themselves to the Company are referred to as “non-objecting beneficial owners” (“NOBOs”). Those non-registered holders who have objected to their Nominee disclosing ownership information about themselves to the Company are referred to as “objecting beneficial owners” (“OBOs”).

The Company is not sending the Meeting materials directly to NOBOs in connection with the Meeting, but rather has distributed copies of the Meeting materials to the Nominees for distribution to NOBOs.

The Company does not intend to pay for Nominees to deliver the Meeting materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary* to OBOs. As a result, OBOs will not receive the Meeting Materials unless their Nominee assumes the costs of delivery.

NOTICE-AND-ACCESS

The Company is not sending the Meeting materials to shareholders using “notice-and-access”, as defined under NI 54-101.

REVOCABILITY OF PROXY

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting.

Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value, of which 18,539,188 shares are issued and outstanding as of the Record Date. Persons who are registered shareholders at the close of business on November 13, 2020 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each share held. The Company has only one class of shares with voting rights. On December 16, 2016 the Company's shareholders approved the creation of a class of convertible preferred class-A shares which have no voting rights. As at Record Date of November 13, 2020, no class-A preferred shares have been issued by the Company.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, shares carrying 10% or more of the voting rights attached to all shares of the Company, except the following:

<i>Name</i>	<i>No. of Shares Owned, Controlled or Directed, Directly or Indirectly</i>	<i>Percentage of Outstanding Shares</i>
MerFin Management Limited ⁽¹⁾	10,395,242	56.07%

- (1) MerFin Management Limited is a private holding company, controlled equally by two Trusts, whose trustees are Dieter Peter and Vera Kaiser.

ELECTION OF DIRECTORS

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

Shareholder approval will be sought to fix the number of Directors of the Company at five (5).

The Company is required to have an Audit Committee. Members of this committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or Employment and, if not a Previously Elected Director, Occupation During the Past 5 Years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly⁽¹⁾</i>
DIETER PETER ⁽⁴⁾ Vancouver, B.C. Canada Chief Executive Officer and Director	President & CEO of Mineral Hill Industries Ltd., and The Eelleet Network Corp.	March 24, 2005	1,439,649 ⁽⁴⁾
ANDREW H. von KURSELL ⁽²⁾⁽³⁾ Surrey, B.C., Canada Director and interim CFO	Director of The Eelleet Network Corp., Director and CFO of Makara Mining Corp.	May 17, 2005	588,975
GRANT HENDRICKSON ⁽²⁾⁽³⁾ Victoria, B.C. Canada	Private consultant, mineral exploration, Director and CEO of Makara Mining Corp	April 10, 2006	Nil
ERIC PETER-KAISER ⁽³⁾ Calabasas, CA, U.S.A. Director	Director, The Eelleet Network Corp.	November 27, 2014	105,500
MILO FILGAS ⁽²⁾ Delta, B.C. Canada	Retired; Director, The Eelleet Network Corp	November 27, 2014	Nil

- (1). Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at September 21, 2017, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such shares are held directly.
(2). Member of the Audit Committee. Mr. von Kursell is the Chair of the Audit Committee.
(3). Member of the Environmental & Safety Committee. Mr. von Kursell is the Chair of the Environmental & Safety Committee.

- (4). Dieter Peter is President of Merfin Management Limited, a private holding company controlled equally by two Trusts, whose trustees are Dieter Peter and Vera Kaiser. As of the date of this Information Circular, Merfin Management Limited owned, controlled or directed 10,395,242, shares of Mimeral Hill Industries Ltd.

No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the Directors and executive officers of the company acting solely in such capacity.

Except as set out below, to the knowledge of the Company, no proposed Director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a Director, Chief Executive Officer (“CEO”) or Chief Financial Officer (“CFO”) of any company (including the Company) that:
- (i) was the subject, while the proposed Director was acting in the capacity as Director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
 - (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the proposed Director ceased to be a Director, CEO or CFO but which resulted from an event that occurred while the proposed Director was acting in the capacity as Director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, a Director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed Director; or
- (d) 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
- (e) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Director.

The following Directors of the Company hold Directorships in other reporting issuers as set out below:

<u>Name of Director</u>	<u>Name of Other Reporting Issuer</u>
Dieter Peter	The Eelleet Network Corp.
Andrew H. von Kursell	The Eelleet Network Corp., Makara Mining Corp.
Grant Hendrickson	Makara Mining Corp.
Eric Peter-Kaiser	The Eelleet Network Corp.
Milo Filgas	The Eelleet Network Corp.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role of the Corporate Governance & Human Resources Committee

On December 16, 2016, the Company appointed a CGHRC for the ensuing year. The CGHRC is responsible for annually reviewing the Company's compensation arrangements with its executive officers. When reviewing the compensation of the executive officers, the CGHRC considers the objectives of: (i) recruiting and retaining the executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and shareholders of the Company; and (iv) rewarding performance, both on an individual basis and with respect to the business in general. The CGHRC has the responsibility of negotiating the senior executive officers' total compensation package, reviewing and advising on stock option guidelines, including making recommendations on specific option grants and to review and communicate to the Board the compensation policies and principles that will be applied to other executives and employees of the Company.

On December 11, 2017 the CGHRC was dissolved as the agreement that was instrumental in appointing the CGHRC the previous year was terminated. The Board of Directors now has the responsibility for determining compensation for the Directors and senior management. As such in the following paragraphs the "CGHRC" is interchangeable with the "Board of Directors".

Compensation Philosophy

All employees of the Company receive compensation based on market value for the type of role they perform. Additional consideration is given to internal pay equity and performance. Currently, the compensation payable to employees consists of long-term incentives by way of the grant of stock options in accordance with the policies of the TSX Venture Exchange ("TSXV") and the Company's Stock Option Plan as long-term incentives.

Base Salary

Although no NEO of the Company received, by mutual agreement, a base salary during the year ended December 31, 2019, in the CGHRC's view, paying base compensation that is competitive in the market in which the Company operates, can and will be a first step to attracting and retaining talented, qualified and effective executives as soon as a sustainable financial situation has been established for the Company.

The base salary of each particular executive officer was and will again be determined by an assessment by the CGHRC of such executive officer's performance, a consideration of competitive compensation levels in companies similar to the Company and a review of the performance of the Company as a whole and the role such executive officer played in such company performance.

Long-Term Incentive

The incentive component of the Company's compensation program is the potential longer term reward provided through the grant of stock options. The Company's Stock Option Plan is intended to attract, retain and motivate officers and Directors of the Company and to align the interests of those individuals with those of the Company's shareholders. The Company grants stock options to executive officers, consultants and employees in accordance with the policies of the TSXV. On March 29, 2005, the Board approved the adoption of a new stock option plan, which was approved by the shareholders at the 2005 annual meeting. It replaced a previous stock option plan. The stock option plan was subsequently amended and approved by the Company's shareholders at the annual meeting on June 27, 2012 and again on November 27, 2014, December 18, 2018 and December 18, 2019.

The Stock Option Plan provides that the number of common shares under the Stock Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 20% of the total number of issued and outstanding common shares. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis. The Stock Option Plan must be approved by a majority of the votes cast by shareholders other than insiders or their associates to whom shares may be issued pursuant to the New Stock Option Plan if the number of options granted to insiders exceeds 10% of the issued shares of the Company. The objective of granting options is to encourage executive officers to acquire an ownership interest in the Company over a period of time, which acts as a financial incentive for such executive officer to consider the long-term interests of the Company and its shareholders.

When determining the number of stock options to be granted to an executive officer, the Board of Directors takes into account the number and terms of outstanding stock options and vesting provisions when determining whether or not new stock option grants should be made to such executive officer.

CEO's Compensation

The components of the CEO's compensation are the same as those that apply to all of the Company's executive officers, namely base compensation and long-term incentives in the form of stock options. Due to the Company's tight budget, since 2014 the CEO has not received base compensation (salary) from the Company. The general compensation philosophy of the Company for executive officers is to provide a level of compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the Company to be successful, and to provide long-term incentive compensation which aligns the interest of executives with those of the shareholders and provide long-term incentives to members of senior management whose actions have a direct and identifiable impact on the performance of the Company and who have had a material responsibility for long-range strategy development and implementation.

In establishing the CEO's compensation, the CGHRC reviews salaries paid to other CEOs in the industry for companies of similar size and stage of development and the CEO's contribution to the affairs of the Company and makes recommendations with respect to the CEO compensation to the Board. In their review, the Board of Directors took in to consideration that both the CEO and the CFO provide administrative services to public companies with common directors and officers, for which the Company (not the Executives) receives reimbursements of 60% of the monthly salaries of the CEO and CFO from the related companies for which such services are provided, as reflected in the Company's Financial Statements which have been filed on SEDAR.

The Board of Directors meets to discuss and determine executive compensation without reference to formal objectives, criteria or analysis. In making its determinations regarding the various elements of executive compensation, the Board of Directors does not benchmark its executive compensation program.

During 2019, the Board of Directors was responsible for all issues and responsibilities pertaining to the CGHRC. On December 16, 2016, the Board established a CGHRC in anticipation of completing a contracted acquisition of an oil and gas company ("Acquisition-Target-2016") which was dissolved on December 11, 2017 due to non-compliance of the contacted term by the Acquisition-Target. From that time forward, the Board of Directors assumed the responsibilities of the CGHRC.

Elements of Compensation

The Company's executive compensation policy consists of an annual base salary and long term incentives in the form of stock options granted under the Company's Stock Option Plan. Since January 2014, the President & CEO, the interim CFO and the Senior Assistant to the CFO of the Company (the "Team Members") forfeited their base salaries for the time being in order to keep the company in good standing for as long as it is not in the position to provide competitive pay that reflects each of the Team Members' primary duties and responsibilities and the level of skill and experience required to successfully perform their role. As soon as the Company has reached a sustainable financial situation, the Company intends to pay base salaries to the Team Members that are competitive with those

for similar positions in the mining industry to attract and retain executive talent in the market in which the Company competes for talent. Base salaries of officers are reviewed annually by the Board of Directors.

Compensation Policies and Risk Management

The Board of Directors considers the implications of the risks associated with the Company's compensation policies and practices when determining rewards for its officers. Commencing in 2012, the Board of Directors intends to review at least once annually the risks, if any, associated with the Company's compensation policies and practices at such time.

The Company's executive compensation was and will be comprised of short-term compensation in the form of a base salary and long-term ownership through the Company's Stock Option Plan. This structure ensures that a significant portion of executive compensation (stock options) is both long-term and "at risk" and, accordingly, is directly linked to the achievement of business results and the creation of long-term shareholder value. As the benefits of such compensation, if any, are not realized by officers until a significant period of time has passed, the ability of officers to take inappropriate or excessive risks that are beneficial to their compensation at the expense of the Company and the shareholders is extremely limited. Furthermore, the short-term component of executive compensation (base salary) represents a relatively small part of the total compensation. As a result, it is unlikely an officer would take inappropriate or excessive risks at the expense of the Company or the shareholders that would be beneficial to their short-term compensation when their long-term compensation might be put at risk from their actions.

Due to the small size of the Company and the current level of the Company's activity, the Board of Directors is able to closely monitor and consider any risks which may be associated with the Company's compensation policies and practices. Risks, if any, may be identified and mitigated through regular Board meetings during which financial and other information of the Company are reviewed. No risks have been identified arising from the Company's compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Hedging of Economic Risks in the Company's Securities

The Company has not adopted a policy prohibiting Directors or officers from purchasing financial instruments that are designed to hedge or offset a decrease in market value of the Company's securities granted as compensation or held, directly or indirectly, by Directors or officers. However, the Company is not aware of any Directors or officers having entered into this type of transaction.

Option-Based Awards

The Company's Stock Option Plan has been and will be used to provide share purchase options which are granted in consideration of the level of responsibility of the executive as well as his or her impact or contribution to the longer-term operating performance of the Company. In determining the number of options to be granted to the executive officers, the Board takes into account the number of options, if any, previously granted to each executive officer, and the exercise price of any outstanding options to ensure that such grants are in accordance with the policies of the TSX Venture Exchange, and closely align the interests of the executive officers with the interests of shareholders. The Board of Directors as a whole has the responsibility to administer the compensation policies related to the executive management of the Company, including option-based awards.

Compensation Governance

Options are granted at the discretion of the Board of Directors, which considers factors such as how other junior exploration companies grant options and the potential value that each optionee is contributing to the Company and the various board committees. The number of options granted to an individual is based on such considerations.

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 “**Statement of Executive Compensation**” (the “**Form 51-102F6**”)) sets forth all annual and long term compensation for services in all capacities to the Company for the most recently completed financial year (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of the CEO and the CFO and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the CEO and the CFO), as at December 31, 2019 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that 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 (collectively the “**Named Executive Officers**” or “**NEOs**”).

Summary Compensation Table

Name and Principal Position	Year	Salary ⁽²⁾⁽³⁾⁽⁴⁾ (\$)	Share-Based Awards (\$)	Option-Based Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Dieter Peter, CEO	2019	Nil	Nil	\$ 757	Nil	Nil	Nil	Nil	\$ 757
	2018	Nil	Nil	\$11,031	Nil	Nil	Nil	Nil	\$11,031
	2017	Nil	Nil	\$37,611	Nil	Nil	Nil	Nil	\$37,611
Andrew von Kursell, Interim CFO	2019	Nil	Nil	\$ 536	Nil	Nil	Nil	Nil	\$ 536
	2018	Nil	Nil	\$ 8,002	Nil	Nil	Nil	Nil	\$ 8,002
	2017	Nil	Nil	\$25,908	Nil	Nil	Nil	Nil	\$25,908

- (1) These amounts represent the value of stock options granted to the respective Named Executive Officer. The methodology used to calculate these amounts was the Black-Scholes-Merton model. This is consistent with the accounting values used in the Company’s financial statements. The dollar amount in this column represents the total value ascribed to the stock options.

Incentive Plan Awards

The following table provides information regarding the total incentive plan awards for each Named Executive Officer outstanding as of December 31, 2019.

Outstanding Share-Based Awards and Option-Based Awards

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options	Option Exercise Price	Option Expiration Date	Value of unexercised in-the-money options	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share based awards not paid out or distributed (\$)
Dieter Peter CEO	118,000	\$0.30	Oct 30, 2020	Nil ⁽¹⁾	Nil	Nil	Nil
Andrew von Kursell, Interim CFO	99,000	\$0.30	Oct 30, 2020	Nil ⁽¹⁾	Nil	Nil	Nil

- (1) The closing price of the Common Shares on the TSXV on April 30, 2019 was \$0.15. The value of 24,000 and 17,000 unexercised in-the-money options that vested at that date was calculated by subtracting the exercise price of the options from the last closing price. These stock options have not been, and may not be, exercised and actual gains, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each Named Executive Officer for the financial year ended December 31, 2019

Value Vested or Earned During the Financial Year Ended December 31, 2019

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Dieter Peter, CEO ⁽¹⁾	\$Nil	Nil	Nil
Andrew von Kursell, CFO ⁽²⁾	\$Nil	Nil	Nil

⁽¹⁾ 24,000 options at an exercise price of \$0.30 vested on April 30, 2019. The Company's share price at the close of market on April 30, 2019 was \$0.15. Therefore no value would have been realized if the options had been exercised on the vesting date.

⁽²⁾ 17,000 options at an exercise price of \$0.30 vested on April 30, 2019. The Company's share price at the close of market on April 30, 2019 was \$0.15. Therefore no value would have been realized if the options had been exercised on the vesting date.

The following table provides details regarding stock options exercised and sold by the Named Executive Officers during the financial year ended December 31, 2019.

Option Exercised During the Financial Year Ended December 31, 2019

Name	Number of options exercised and sold	Option exercise price	Value realized (\$)
Dieter Peter, CEO ⁽¹⁾	Nil	Nil	Nil
Andrew von Kursell, Interim CFO from June 17, 2014	Nil	Nil	Nil

⁽¹⁾ 80,000 options were exercised but not sold during the year ended December 31, 2019.

Pension Plan Benefits

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

Termination and Change of Control Benefits

The Company has a consulting agreement with MerFin Management Limited and Dieter Peter, a Named Executive Officer, pursuant to the terms of which the Company pays an annual consulting fee in the amount of \$110,000 to MerFin Management Limited. In February 2014 the consulting agreement with MerFin Management Limited was suspended until financing of the Company can be obtained. This suspension was still in effect as at December 31, 2019.

On February 15, 2012, the Company entered into a management agreement with Infogen Research Limited and Andrew H. von Kursell, a Named Director and interim CFO, pursuant to the terms of which the Company pays an annual management fee in the amount of \$36,000 to Infogen Research Limited to fill the day to day responsibilities imposed on the Corporation. The management agreement with Infogen Research Limited provides that, in the event of a termination of the consulting agreement without cause by either the Company or Infogen Research Limited (the "Parties"), the Parties provide each other with ninety (90) days written notice of such termination. In February 2014 the management agreement was suspended until financing of the Company can be obtained. This suspension was still in effect as at December 31, 2019.

The Company and its subsidiaries have no other compensatory plan, contract or arrangement where a Named Executive Officer is entitled to compensation in the event of resignation, retirement or other termination, a change of control of the Company or its subsidiaries or a change in responsibilities following a change in control. There are no conditions or obligations which MerFin Management Limited has to comply with in order to receive its severance fee.

DIRECTOR COMPENSATION

No compensation was provided to the Directors, who are each not a Named Executive Officer, for the Company's most recently completed financial year.

The Company has no arrangements, standard or otherwise, pursuant to which Directors are compensated by the Company or its subsidiaries for their services in their capacity as Directors, or for committee participation, involvement in special assignments or for services as consultant or expert during the most recently completed financial year or subsequently, up to and including the date of this Statement of Executive Compensation.

The Company has a Stock Option Plan for the granting of incentive stock options to the officers, employees and Directors. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the Directors of the Company and to closely align the personal interests of such persons to that of the shareholders.

Director Compensation Table

The following table sets forth all amounts of compensation provided to the Directors, who are not also a Named Executive Officer, for the financial year ended December 31, 2019.

	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan	Pension Value (\$)	All other compensation (\$)	Total (\$)
Grant Hendrickson	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Rafael Pinedo to December 18, 2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eric Peter-Kaiser	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Milo Filgas	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Lawrence Taube, elected December 18, 2019	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table provides information regarding the incentive plan awards for each non-executive director outstanding as of December 31, 2019.

	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options	Option Exercise Price	Option Expiration Date	Value of unexercised in-the-money options ⁽¹⁾⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Milo Filgas	52,500 ⁽¹⁾	\$0.30	Oct 30, 2020	Nil	Nil	Nil
Eric Peter-Kaiser	67,500 ⁽¹⁾	\$0.30	Oct 30, 2020	Nil	Nil	Nil
Rafael Pinedo	75,500 ⁽¹⁾	\$0.30	Oct 30, 2020	Nil	Nil	Nil
Grant Hendrickson	63,000 ⁽¹⁾	\$0.30	Oct 30, 2020	Nil	Nil	Nil
Lawrence Taube	Nil	N/A	N/A	Nil	Nil	Nil

(1) All unexercised options at an exercise price of \$0.30 vested in the prior year.

The following table provides information vested or earned of incentive plan awards for each non-executive director for the financial year ended December 31, 2019.

Value Vested or Earned During the Financial Year Ended December 31, 2019

Name	Option-based awards – Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Milo Filgas	Nil	Nil	Nil
Eric Peter-Kaiser	Nil	Nil	Nil
Grant Hendrickson	Nil	Nil	Nil
Rafael Pinedo	Nil	Nil	Nil
Lawrence Taube	Nil	Nil	Nil

No options vested in 2019.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

As at November 13, 2020, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company or any of its subsidiaries which is owing to the Company or any of its subsidiaries or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any of its subsidiaries; or
- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, in relation to a securities purchase program or other program.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

Except as set out herein, no 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, no proposed nominee of management of the Company for election as a Director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of Directors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No informed person or proposed Director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company or any of its subsidiaries.

APPOINTMENT OF AUDITORS

Davidson & Company LLP, Chartered Accountants, of Vancouver, British Columbia, is the auditor of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Davidson & Company LLP as the Company's auditor to hold office for the ensuing year.

MANAGEMENT CONTRACTS

No management functions of the Company or subsidiary are presently performed to any substantial degree by a person other than the Directors or executive officers of the Company or subsidiary.

CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company's practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 mandates disclosure of corporate governance practices which disclosure is set out below.

Independence of Members of Board

The Company's Board consists presently of five Directors, two of whom are independent based upon the tests for independence set forth in National Instrument 52-110 ("NI 52-110"). Grant Hendrickson and Milo Filgas are independent. Dieter Peter is not independent as he is the President & CEO of the Company. Andrew von Kursell was appointed by the Board of Directors to the position of interim Chief Financial Officer effective June 17, 2014. Mr. von Kursell ceased to be independent as set forth by NI 52-110 at that time. Eric Peter-Kaiser is not independent as he is an immediate relative of the President and CEO of the Company.

Management Supervision by Board

The operations of the Company do not support a large Board of Directors and the Board has determined that the current constitution of the Board is appropriate for the Company's current stage of development. Independent supervision of management is accomplished through choosing management who demonstrate a high level of integrity and ability and through having strong independent Board members. The independent Directors are, however, able to meet at any time without any members of management, including the non-independent Directors, being present. Further supervision is performed through the Audit Committee which is composed of a majority of independent Directors who meet with the Company's auditors without management being in attendance.

Risk Management

The Board of Directors is responsible for the adoption of a strategic planning process, the identification of principal risks and implementing risk management systems, succession planning and the continuous disclosure requirements of the Company under applicable securities laws and regulations.

The audit committee is responsible for the risk management items set out in the audit committee charter.

Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. access to recent, publicly filed documents of the Company, technical reports, if applicable, and the Company's internal financial information;
2. access to management and technical experts and consultants; and
3. a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants, to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

Ethical Business Conduct

The Board views good corporate governance including social and environmental responsibility as an integral component to the success of the Company and to meet responsibilities to shareholders. In 2006, the Company's Board adopted a Code of Conduct under its updated HR Policy #9.10/080715 and instructed its management and employees to abide by the Code.

Nomination of Directors

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the exploration industry are consulted for possible candidates.

Compensation of Directors and the CEO

From November 27, 2014 to December 16, 2016, the whole Board of Directors was responsible for all issues and responsibilities pertaining to the Corporate Governance & Human Resources Committee ("CGHRC"). During the year ended December 31, 2019, the following individuals served as members of the Company's Board of Directors: Andrew H. von Kursell, Dieter Peter, Grant Hendrickson, Eric Peter-Kaiser and Milo Filgas. On December 18, 2019 Mr. Lawrence Taube was appointed to serve as additional board member. Grant Hendrickson, Milo Filgas and Lawrence Taube were the independent directors, since CEO and interim CFO, Dieter Peter and Andrew von Kursell are not independent directors. Eric Peter-Kaiser is not independent as he is an immediate relative of the President & CEO of the Company. On January 24, 2020, the Board appointed a CGHRC for the ensuing year.

To determine compensation payable, the CGHRC reviews compensation paid for Directors and CFOs of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the Directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation, the CGHRC annually reviews the performance of the CEO in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives.

Board Committees

Other than the Audit Committee and the Exploration Committee the Company reinstated an Advisory Committee with future members to be appointed. With the exception of the Audit Committee, these Committees are still developing their charters and code of conduct for recommendation to the Board depending on the definite direction of business the Company is going to take..

Assessments

The Board does not consider formal assessments to be useful at this stage of the Company's development. The Board conducts informal annual assessments of the Board's effectiveness, the individual Directors and each of its committees. The Board intends to implement formal assessments to assist in its review and will conduct formal surveys of its Directors, the Corporate Governance and Human Resources Committee on its assessment of the functioning of the Board and reports from each committee respecting its own effectiveness.

AUDIT COMMITTEE

The Audit Committee's Charter

Mandate

The primary function of the Audit Committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous

improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three Directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review:

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - i. the aggregate amount of all such non-audit services provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors during the fiscal year in which the non-audit services are provided;
 - ii. such services were not recognized by the Company at the time of the engagement to be non-audit services; and
 - iii. such services are promptly brought to the attention of the Committee by the Company and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval, such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.

- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Risk Management

1. To review, at least annually, and more frequently if necessary, the Company's policies for risk assessment and risk management (the identification, monitoring, and mitigation of risks).
2. To inquire of management and the independent auditor about significant business, political, financial and control risks or exposure to such risk.
3. To request the external auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are being managed or controlled.
4. To assess the effectiveness of the over-all process for identifying principal business risks and report thereon to the Board.

Other

Review any related-party transactions.

Composition of the present Audit Committee

The following are the members of the Committee:

Andrew H. von Kursell	Not Independent	Financially literate
Grant Hendrickson ^{*1}	Independent	Financially literate
Milo Filgas	Independent	Financially literate

As defined by MI 52-110.

^{*1} Mr. Hendrickson agreed to serve as independent Audit Committee member on July 23, 2020 to replace Mr. Lawrence Taube who resigned as Director and Audit Committee member on July 1, 2020, following the mutual termination of the proposed RTO transaction between the Company and Southern Colorado Real Estate Ventures Holdings LLC, as announced on May 15, 2020.

Audit Committee Member Education and Experience

Andrew H. von Kursell has a Bachelor Degree in Mining Engineering from McGill University and has practiced his profession for the past 40 plus years. He is licensed to practice in three Canadian jurisdictions and is a retired member of the Yukon P. Eng Association. He has held top management positions in public companies which required a thorough understanding of internal controls and procedures in financial reporting. As a Director of various public companies, he has served on a number of Audit Committees.

Grant Hendrickson is a Geophysicist and Geologist with a degree from the University of British Columbia and over 40 years experience in the fields of exploration, geological/geophysical surveys and consulting in the previously mentioned areas. He has worked for multi national companies like GoviEx Gold Inc., Ibex Mongolia, Ivanhoe Mines Mongolia, Inc., Delta Geoscience Limited to name a few. Presently he is the CEO and director of Makara Mining Corp.

Milo Filgas is a Marine Engineer and has over 55 years of experience in the operational industries in Canada. Mr. Filgas has extensive experience in the Canadian mining industry, operational development as well as operations and has a thorough knowledge of Canadian mining and Labour Laws. Mr. Filgas has served as director of public companies in Canada.

Audit Committee Oversight

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

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. The Company is relying upon the exemption in Section 6.1 of NI 52-110 (*Venture Issuers*) from the requirements of Part 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

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".

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:

<i>Financial Year Ending</i>	<i>Audit Fees</i>	<i>Audit Related Fees</i>	<i>Tax Fees</i>	<i>All Other Fees</i>
December 31, 2019	\$16,195	\$Nil	\$2,000	\$Nil
December 31, 2018	\$16,195	\$Nil	\$2,000	\$Nil

Expectations of Management

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives.

PARTICULARS OF OTHER MATTERS TO BE ACTED UPON

Management of the Company is not aware of any particular of other matter to be acted upon to come before the Meeting other than as set forth in the notice of Meeting.

Approval and Ratification of the Existing Stock Option Plan

The incentive component of the Company's compensation program is the potential longer term reward provided through the grant of stock options. The Company's Stock Option Plan is intended to attract, retain and motivate officers and Directors of the Company and to align the interests of those individuals with those of the Company's shareholders. The Company grants stock options to executive officers, consultants and employees in accordance with the policies of the TSXV. On March 29, 2005, the Board approved the adoption of a new Stock Option Plan, which was approved by the shareholders at the 2005 annual meeting and replaced a previous stock option plan. The stock option plan was subsequently amended and approved by the Company's shareholders at the annual meeting on June 27, 2012, on November 27, 2014, on December 18, 2018 and again on December 18, 2019.

The Stock Option Plan provides that the number of common shares under the Stock Option Plan, together with all of the Company's other previously established or proposed share compensation arrangements, may not exceed 20% of the total number of issued and outstanding common shares. In addition, the number of shares which may be reserved for issuance to any one individual may not exceed 5% of the issued shares on a yearly basis. The Stock Option Plan must be approved by a majority of the votes cast by shareholders other than insiders or their associates to whom shares may be issued pursuant to the New Stock Option Plan if the number of options granted to insiders exceeds 10% of the issued shares of the Company. The objective of granting options is to encourage executive officers to acquire an ownership

interest in the Company over a period of time, which acts as a financial incentive for such executive officer to consider the long-term interests of the Company and its shareholders.

Therefore, at the Meeting, shareholders will be asked to pass a resolution in the following form:

“UPON MOTION IT WAS RESOLVED that the Shareholders approve and ratify, subject to regulatory approval, the existing Stock Option Plan to which the Directors may, from time to time, authorize the issuance of options to Directors, officers, employees and service providers of the Company and its subsidiaries to a maximum of 20% of the issued and outstanding common shares at the time of the grant, with a maximum of 5% of the Company's issued and outstanding shares being reserved to any one person on a yearly basis.”

Shareholders may contact the Company by email, fax or mail to request a copy of the full text of the Plan up to the date of the Meeting and at the Meeting.

Unless such authority is withheld, the persons named in the enclosed proxy intend to vote for the approval and ratification of the Plan.

Ratification of the Board of Directors’ resolutions on December 30, 2019 and January 23, 2020 to extend the due diligence period in reference to the binding Letter of Intent dated October 4, 2019 to December 31, 2019 and a further extension to January 31, 2020

The parties agreed on November 6, 2019 to extend the due diligence period in reference to the binding Letter of Intent, dated October 4, 2019 to December 31, 2019 and further to January 31, 2020 following the execution of an Extension Agreement dated December 31, 2019. In preparation for the final terms of the Definitive Acquisition Agreement, the parties agreed to some changes including additional private placement financings.

Therefore, at the Meeting, the shareholders will be asked to ratify the following resolution:

“UPON MOTION IT WAS RESOLVED that the Shareholders of the Company ratify the Board Resolution passed on December 30, 2019 to extend the due diligence period to January 31, 2020 under the terms of the Extension Agreement dated December 31, 2019.”

Ratification of the Board of Directors’ Resolution to approve the Definitive Acquisition Agreement with Southern Colorado Real Estate Ventures Holding LLC.

On January 23, 2020, the Company approved the execution of the Definitive Acquisition Agreement after re-negotiating some of the terms in the binding Letter of Intent in order to realize the acquisition of additional assets and the resulting higher acquisition value.

As part of the public disclosure management drafted a News Release with the full consent of all parties including those exposed within the news release.

Therefore, at the Meeting, the shareholders will be asked to ratify the following resolution:

“UPON MOTION IT WAS RESOLVED that the Shareholders of the Company ratify

- 1.) the Board Resolution passed on January 23, 2020 to execute the DA-Agreement with Southern Colorado Real Estate Ventures Holding LLC and
- 2.) the Board Resolution to approve the News Release in respect to the above.”

Ratification of the Board of Directors’ Resolutions passed on April 9, 2020 and May 12, 2020 to mutually terminate the Definitive Acquisition Agreement with Southern Colorado Real Estate Ventures Holding LLC and unwind the associated Private Placement.

On February 3, 2020 the Company announced the execution of the Definitive Acquisition Agreement (“DA-Agr”) with Southern Colorado Real Estate Ventures Holdings LLC (“SCRH”) in respect to the acquisition of SCRH’s assets (the “Transaction”) as well as the agreed upon terms of planned private placements PP1, PP2, PP3 and PP4. Through PP1 and the issuance of CAD\$1.00 per share, the Company had received the equivalent of CAD\$2,196,538. In order not to lose an option to increase its ownership interest towards certain projects included in the transaction, the Company approved an advance payment, and paid the equivalent of US\$ 559,210 as (converted at the agreed upon subscribed exchange rate of (1CAD = 0.76US\$) against promissory notes issued by SCRH.

Through two News Releases dated February 13, 2020, and February 21, 2020, the Company followed up on the progress of the PP1 fundraising and some detailed clarifications as to its payments as to a TSXC request. Subsequently the Company was advised that under the policies of the exchange and in particular publicized in 2017, all acquisitions generating more than maximal 10% of the company’s ancillary income from cannabis related projects cannot be approved.

The Company tried to negotiate a split of the proposed transaction into an immediate acquisition of the non-cannabis related assets and an option to acquire the cannabis related assets at a later stage, but was advised by the vendor that such split of the proposed transaction would not be feasible as the income of the later would always exceed by far the 10% threshold set under the TSXV rules. As the PP1 investors invested in the full package of assets under the proposed Transaction, and the request of the TSXV, the Company has to unwind its PP1-funding which will include unwinding any down payments disclosed in the Company’s News release dated February 21st, 2020 as referred to above; whereby two substantial PP1-investors will take over the promissory notes, which the Company received from SCRH for advancing the funds mentioned above.

Management recommended that the Company remains focused on the real estate business with emphasis on an UP-REIT structure and follow up on other real estate projects which have been offered to management, but are not connected to the cannabis business or only those REIT projects and would clearly stay in compliance with the rules of the TSXV.

Therefore, at the Meeting, the shareholders will be asked to ratify the following resolution:

- “UPON MOTION IT WAS RESOLVED** that the Shareholders of the Company ratify
- a) to unwind the PP1 funding and return the invested funds as to the instructions received from the individual investor;
 - b) authorize the CEO and one audit committee member to co-ordinate the unwinding process to the satisfaction of the investors and the TSXV;
 - c) to approve the Promissory Note Transfer Agreement;
 - d) authorize the CEO to negotiate a mutual agreement to terminate the executed DA-Agreement and negotiate a new acquisition agreement for available real estate properties which are not connected to the cannabis business or only those REIT projects which clearly will not generate more than 10% of the Company’s total income through cannabis related revenue in order to stay in full compliance with the rules of the TSXV and
 - e) bring forward new possible financing terms for board approval.”

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company at 170-422 Richards Street, Vancouver, British Columbia, V6B 2Z4, to request copies of the Company’s financial statements and MD&A.

Financial information is provided in the Company’s comparative financial statements and MD&A for its most recently completed financial year which are filed on SEDAR.

OTHER MATTERS

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares represented thereby in accordance with their best judgment on such matter.

DATED this 13st day of November, 2020.

APPROVED BY THE BOARD OF DIRECTORS OF MINERAL HILL INDUSTRIES LTD.

"DIETER PETER"
DIETER PETER
Chief Executive Officer