

# SONORO METALS CORP.

<b>2017</b>	Notice of Annual General Meeting of Shareholders
<b>ANNUAL GENERAL MEETING</b>	Information Circular
<b>Place:</b>	Offices of Sonoro Metals Corp. Suite 1430 - 800 West Pender St. Vancouver, BC V6C 2V6
<b>Time:</b>	10:00 am PDT
<b>Date:</b>	Thursday, June 22, 2017

# SONORO METALS CORP.

## C O R P O R A T E D A T A

### *Head Office*

Suite 1430, 800 West Pender Street  
Vancouver, BC V6C 2V6

### *Directors and Officers*

Kenneth MacLeod, Director, President &  
Chief Executive Officer

Stephen Kenwood, Director & Chief Operating  
Officer

Scott Kelly, Director & Chief Financial Officer

Ronald Husband, Director

Gary Freeman, Director

Dayna Leigh, Secretary

### *Registrar & Transfer Agent*

Computershare Investor Services Inc.  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, BC V6C 3B9

### *Solicitors*

Norton Rose Fulbright Canada LLP  
Barristers & Solicitors  
1800 – 510 West Georgia Street  
Vancouver, BC V6B 0M3

### *Auditors*

Smythe Ratcliffe LLP  
7<sup>th</sup> Floor, 355 Burrard Street  
Vancouver, BC V6Z 2M4

### *Listing*

TSX Venture Exchange  
Tier 2  
Symbol: SMO

**SONORO METALS CORP.**  
(the "Company")

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held at the offices of the Company, Suite 1430 - 800 West Pender Street, Vancouver, British Columbia, on Thursday, June 22, 2017 at 10:00 A.M. (PDT) for the following purposes:

- (a) To receive the financial statements of the Company for the fiscal year ended December 31, 2016, together with the report of the auditors thereon;
- (c) To elect directors;
- (d) To appoint auditors;
- (e) To consider and, if thought advisable, pass an ordinary resolution approving the continuance of the Company's Share Option Plan; and
- (f) To transact such further or other business as may properly come before the meeting or any adjournment or adjournments thereof.

Registered shareholders who are unable to attend the meeting are requested to read the notes included in the form of Proxy enclosed and then to complete, date, sign and mail the enclosed form of Proxy, or to complete the Proxy by telephone or the internet, in accordance with the instructions set out in the Proxy and in the Information Circular accompanying this Notice.

DATED at Vancouver, British Columbia, this 18<sup>th</sup> day of May, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

*"Kenneth MacLeod"*

Kenneth MacLeod,  
President & Chief Executive Officer

<p><b>If you are a non-registered shareholder of the Company and receive these materials through your broker or through another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or by the other intermediary. Failure to do so may result in your shares not being eligible to be voted by proxy at the meeting.</b></p>
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**SONORO METALS CORP.**  
**SUITE 1430, 800 WEST PENDER STREET**  
**VANCOUVER, BC V6C 2V6**  
**TELEPHONE: 604.632.1764**  
**FAX: 604.682.4809**

## **INFORMATION CIRCULAR**

(as at May 18, 2017, unless indicated otherwise)

### **SOLICITATION OF PROXIES**

This Information Circular and the accompanying documents (the "Meeting Materials") are furnished in connection with the solicitation of proxies by the management of Sonoro Metals Corp. (the "Company") for use at the Annual General Meeting of Shareholders of the Company to be held on Thursday, June 22, 2017 (the "Meeting") and any adjournment thereof at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Company. All costs of solicitation will be borne by the Company.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are the President and Chief Executive Officer, and the Corporate Secretary of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES OR BY COMPLETING ANOTHER FORM OF PROXY.** To be valid, a proxy must be in writing and executed by the shareholder or its attorney authorized in writing, unless the shareholder chooses to complete the proxy by telephone or the internet as described in the enclosed proxy form. Completed proxies must be received by Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or any adjournment thereof, or, at the discretion of the Chairman of the Meeting, delivered to the Chairman of the Meeting prior to the commencement of the Meeting or prior to any re-commencement of the Meeting after an adjournment.

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, Suite 1800, 510 West Georgia Street, Vancouver, British Columbia, V6B 0M3, at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

### **INFORMATION FOR BENEFICIAL HOLDERS OF SHARES**

The shares owned by many shareholders of the Company are not registered on the records of the Company in the shareholders' own names, but in the name of a securities dealer, bank or other intermediary, or in the name of a clearing agency (referred to in this Information Circular as an "intermediary" or "intermediaries"). Shareholders who do not hold their shares in their own names

(referred to in this Information Circular as “beneficial holders”) should note that only registered shareholders may vote at the Meeting. A beneficial holder cannot be recognized at the Meeting for the purpose of voting his shares unless he is appointed by the intermediary as a proxyholder.

Applicable regulatory policy requires intermediaries to seek voting instructions from beneficial shareholders. Every intermediary has its own procedures to seek those instructions. Beneficial shareholders should follow those procedures carefully to ensure that their shares are voted at the Meeting.

The majority of brokers in Canada have delegated authority for obtaining instructions from clients to Broadridge Investor Communication Solutions, Canada (“Broadridge”). Broadridge typically applies a special sticker to the proxy forms, or alternatively, prepares a separate “voting instruction” form, mails those forms to beneficial holders, and asks beneficial holders to return the proxy or voting instruction forms to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions for voting at the Meeting. A beneficial holder who receives a proxy bearing a Broadridge sticker or a voting instruction form cannot deposit that proxy or form on the Meeting date to vote common shares at the Meeting. The proxy or form must be returned to Broadridge in advance of the Meeting in order to allow the shares to be voted by the named proxyholder at the Meeting.

In addition to those procedures, recent amendments to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) allow a non-objecting beneficial holder (“NOBO”) to submit to the Company or an applicable intermediary any document in writing that requests that such NOBO or its nominee be appointed as the NOBO’s proxyholder. If such a request is received, the Company or the intermediary, as applicable, must arrange, without expense to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Information Circular, provided that the Company or the intermediary receives such written instructions at least one business day prior to the time at which proxies are to be submitted for use at the Meeting; accordingly, any such request must be received by 10:00 a.m. (Pacific Daylight Time) on Tuesday, June 20, 2017.

An objecting beneficial owner (“OBO”) is a beneficial holder who has provided instructions to an intermediary holding common shares in an account on behalf of the OBO that the OBO objects to the intermediary disclosing the OBO’s name, address and share ownership information to the Company to allow the Company to send shareholder materials to the OBO. The Company does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and an OBO will not receive those materials unless the OBO’s intermediary assumes the cost of delivery.

**IF YOU ARE A BENEFICIAL SHAREHOLDER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE CONTACT YOUR BROKER OR AGENT WELL IN ADVANCE OF THE MEETING TO DETERMINE HOW YOU CAN DO SO.**

#### **EXERCISE OF DISCRETION**

Shares represented by proxy are entitled to be voted on a show of hands or any poll and, where a choice with respect to any matter to be acted upon has been specified in the form of proxy, the shares will be voted or withheld from voting in accordance with the specification so made.

#### **SUCH SHARES WILL BE VOTED FOR EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED BY THE SHAREHOLDER.**

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may

properly come before the Meeting. In the event that amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

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

Other than as set forth herein, management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company since the commencement of the Company's last completed financial year, or of any proposed nominee for election as a director of the Company, or of any associate or affiliate of any of such persons, in any manner to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

As at May 18, 2017, the Company has issued and outstanding 24,377,586 fully paid and non-assessable common shares, each share carrying the right to one vote. **THE COMPANY HAS NO OTHER CLASSES OF VOTING SECURITIES.**

Any shareholder of record at the close of business on May 18, 2017 who either personally attends the Meeting or who has completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have his shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, there are no persons or companies who beneficially own, or control or direct, directly or indirectly, shares carrying 10% or more of the voting rights attached to all outstanding shares of the Company.

### **ELECTION OF DIRECTORS**

The Board of Directors presently consists of five directors and it is intended to elect five directors for the ensuing year. The term of office of each of the present directors expires at the Meeting and management intends to nominate all incumbent directors for re-election.

The persons named below will be presented for election at the Meeting as management's nominees and the persons named in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees will be unable to serve as a director. Each director elected will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated in accordance with the Articles of the Company, or with the provisions of the *Business Corporations Act* (British Columbia).

As at the date hereof, the members of the Audit Committee and the Compensation Committee of the Company are Stephen Kenwood, Ronald Husband and Gary Freeman.

The following table sets out the names of the nominees for election as directors, the province or state and the country in which each is ordinarily resident, all offices of the Company now held by each of them, their principal occupations, the period of time for which each has been a director of the Company, and the number of common shares of the Company or any of its subsidiaries beneficially owned by each, or controlled or directed, directly or indirectly, as at the date hereof.

<b>Name, Position, Province/State and Country of Residence<sup>(1)(2)</sup></b>	<b>Principal Occupation or Employment<sup>(1)</sup></b>	<b>Period as a Director of the Company</b>	<b>No. of Shares<sup>(1)</sup></b>
<b>KENNETH MACLEOD</b> Director, President & Chief Executive Officer British Columbia, Canada	President and Chief Executive Officer of the Company	April 7, 2014 to date	3,120,667
<b>STEPHEN P. KENWOOD</b> Director & Chief Operating Officer British Columbia, Canada	Geologist and Business Consultant	May 16, 2006 to date	954,216 <sup>(3)</sup>
<b>RONALD K. HUSBAND</b> Director Alberta, Canada	Consultant, BBC Capital Corp.	October 30, 2006 to date	235,982 <sup>(4)</sup>
<b>GARY R. FREEMAN</b> Director British Columbia, Canada	President and Chief Executive Officer of Ethos Gold Corp.	June 28, 2007 to date	1,771,591 <sup>(5)</sup>
<b>SCOTT KELLY</b> Director & Chief Financial Officer British Columbia, Canada	Chief Financial Officer of the Company and Ely Gold & Minerals Inc.	October 20, 2011 to date	500,000 <sup>(6)</sup>

**NOTES:**

- (1) The information as to province/state and country of residence, principal occupation and shares beneficially owned is not within the knowledge of the management of the Company and has been furnished by the respective nominees.
- (2) None of the proposed nominees for election as a 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.
- (3) Of this amount, 817,300 shares are owned by 0713708 BC Ltd., a private company wholly-owned by Mr. Kenwood.
- (4) Of this amount, 187,500 shares are owned by BBC Capital Corp., a private company wholly-owned by Mr. Husband, and 20,000 shares are owned by Carol Lepper, Mr. Husband's wife.
- (5) Of this amount, 1,672,591 shares are owned by GRF Consulting Corp., a private company wholly-owned by Mr. Freeman.
- (6) These shares are owned by Tuareg Consulting Inc., a private company wholly-owned by Mr. Kelly.

**Orders & Bankruptcies**

Other than as mentioned below, none of the proposed nominees for election as a director of the Company:

- (a) is, as at the date of this Information Circular, or has been, within ten years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
- (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an "Order") that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or

- (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer,
- (b) is, as at the date of this Information Circular, or has been, within ten 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, 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 ten 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.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the Company's 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. The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value.

The Company has reviewed its own corporate governance practices in light of the guidelines contained in National Instrument 58-201 – *Corporate Governance Guidelines*. The Company's practices comply generally 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 those guidelines have not been adopted. Set out below is a description of the Company's corporate governance practices as required by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101").

### Board of Directors

Pursuant to National Instrument 52-110 – *Audit Committees* ("NI 52-110"), a director is independent if the director has no direct or indirect relationship with the issuer which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment. Certain directors are deemed to have a material relationship with the issuer by virtue of their position or relationship with the issuer. The Board is currently comprised of five members. Ronald Husband is considered an independent director of the Company pursuant to the definition of "independence" in NI 52-110.

Under NI 52-110, Kenneth MacLeod, Stephen Kenwood and Scott Kelly are not considered independent directors of the Company as they are officers of the Company and Gary Freeman is not considered an independent director as he received fees for consulting services provided to the Company. The Company is relying on the exemption which provides that the Company, as a "venture issuer", is not required to comply with Part 3 *Composition of the Audit Committee* and Part 5 *Reporting Obligations* of NI 52-110. The composition of the Audit Committee of the Company is in compliance with Part 6 *Venture Issuers* of NI 52-110 and with Policy 3.1 of the TSX Venture Exchange (the "TSXV") which require that the audit committee of a "venture issuer" be comprised of at least three directors, the majority of whom are not officers, employees or control persons of the Company or any of its associates or affiliates. As at the date hereof, the members of the Audit Committee are Stephen Kenwood, Ronald Husband and Gary Freeman.

“Venture issuer” means an issuer that, at the end of its most recently completed financial year, did not have any of its securities listed or quoted on any of the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by the PLUS Markets Group plc.

### Directorships

The following table sets out details of directorships held by each of the current directors in other public issuers:

<b>Name of Director</b>	<b>Name of Issuer</b>
Kenneth MacLeod	Chinook Tye Industry Limited
Stephen Kenwood	Majestic Gold Corp. Essex Minerals Inc. Ely Gold & Minerals Inc. Jericho Oil Corporation Remo Resources Inc. Newcastle Energy Corp.
Ronald Husband	Ely Gold & Minerals Inc.
Gary Freeman	Ethos Gold Corp. Precipitate Gold Corp. Remo Resources Inc. K2 Gold Corporation
Scott Kelly	Nil

### Orientation and Continuing Education

The Company does not have a formal orientation and continuing education program. When a new director is added, he or she will be given the opportunity to become familiar with the Company by meeting with the other directors and with the officers and representatives of the Company. It is the personal responsibility and duty of each director to become familiar with the operations and policies of the Company and to monitor the same as they may change over time.

### Ethical Business Conduct

The Board has found that the fiduciary duties placed on the individual directors by the governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

### Nomination of Directors

The directors of the Company have not appointed a nominating committee. Rather, the directors of the Company as a whole are responsible for identifying and recommending new candidates, having regard to the appropriate number of directors of the Company and the necessary competencies and skills of the directors as a whole and of each director individually. New nominees should have a track record in general business management, special expertise in areas of strategic interest to the Company and the ability to devote the time required.

## **Compensation**

A Compensation Committee has been established by the directors of the Company, the current members of which are Stephen Kenwood, Ronald Husband and Gary Freeman. Please see "Oversight and Description of Director and Officer Compensation" below for a discussion of the steps taken to determine compensation for the directors and officers of the Company.

## **Other Board Committees**

The Board has no other committees, other than the Audit Committee, which is described below under the heading "Audit Committee", and the Compensation Committee, which is described under the heading "Compensation" above.

## **Assessments**

The Board of Directors of the Company does not conduct any formal evaluation of the performance and effectiveness of individual directors, the Board as a whole, or any committee of the Board. However, from time to time, the members of the Board may meet to review the effectiveness of the Board as a whole, as well as the effectiveness of its committees and may discuss if it would be in the best interests of the Company and its shareholders to have any reorganization take place.

## **AUDIT COMMITTEE**

### **Audit Committee's Charter**

The text of the Company's Audit Committee Charter is attached as Appendix 2 to this Information Circular.

### **Composition of the Audit Committee**

As at the date hereof, the members of the Audit Committee are Stephen Kenwood, Ronald Husband and Gary Freeman. Mr. Husband is an independent director of the Company under NI 52-110. Mr. Kenwood is not independent as he is the Chief Operating Officer of the Company and Gary Freeman is not independent as he has provided consulting services to the Company for which a fee was paid in the past three years. Each of the members of the Audit Committee is financially literate within the meaning of Section 1.5 of NI 52-110 in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year did the Board of Directors of the Company decline to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

### **Relevant Education and Experience**

All of the Audit Committee members are businessmen with experience in financial matters and each has a broad understanding of accounting principles used to prepare financial statements and varied experience as to the general application of such accounting principles. In addition, each of the members of the Audit Committee has knowledge of the role of an audit committee in the realm of reporting companies from their respective years of experience as directors.

*Stephen Kenwood*

Mr. Kenwood has a BSc. (Geo.) from the University of British Columbia and has been in the mineral exploration business for over 20 years with experience on projects in Canada, United States, Chile, Peru, Panama, China and Slovakia. He has 16 years' experience managing public companies.

*Ronald Husband*

Mr. Husband has a MBA from the University of Calgary, has been a small business owner and has worked in public company management for 20 years with an emphasis on corporate finance.

*Gary Freeman*

Mr. Freeman has over 30 years of experience working with public companies. He been a director, President and Chief Executive Officer of Ethos Gold Corp. since October 2007, prior to which he was a director of Pediment Gold Corp. from March 2005 and the President and Chief Executive Officer of Pediment Gold Corp. from July 2005 until it was acquired by Argonaut Gold Inc. in January 2011, and from March 2000 to September 2004, he was the President of Wealth Minerals Ltd. Mr. Freeman has also been engaged as a consultant to several public companies, including Cardero Resources Corp. and Athlone Energy Limited (September 2002 to September 2004) and Silvercrest Mines Inc. (from September 2001 to December 2003), and serves as a director for a number of public companies.

The Audit Committee reviews financial statements individually on a quarterly basis, and passes resolutions approving them after the review process. The Audit Committee meets once a year to review the annual audited financial statements.

**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*), or (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*).

**Pre-Approval Policies and Procedures**

As at the date of this Information Circular, the Audit Committee has not adopted any specific policies or procedures for the engagement of non-audit services.

**External Auditor Service Fees***Audit Fees*

The aggregate fees billed by the Company's external auditor in each of the last two fiscal years for audit fees were \$21,000 for the fiscal year ended December 31, 2016 and \$18,000 for the fiscal year ended December 31, 2015.

*Audit-Related Fees*

The aggregate fees billed by the Company's external auditor in each of the last two fiscal years for additional services related to the performance of the audit or review of the Company's financial statements were nil for the fiscal year ended December 31, 2016 and nil for the fiscal year ended December 31, 2015.

*Tax Fees*

The aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning were \$2,500 for the fiscal

year ended December 31, 2016 and \$2,500 for the fiscal year ended December 31, 2015. These professional services relate to the preparation of the Company's T-2 corporate income tax return and the General Index of Financial Information required by the CRA.

#### *All Other Fees*

During the last two fiscal years, other than as disclosed above, the Company has not incurred any other fees for products or services provided by its external auditors.

#### **Exemption for Venture Issuers**

As a venture issuer, the Company is exempt from the provisions of NI 52-110 that would otherwise require its Audit Committee to be constituted in accordance with Part 3 of NI 52-110, and the Company to provide comprehensive disclosure about the members of its Audit Committee.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **Oversight and Description of Director and Officer Compensation**

The Company does not have any employees. The Compensation Committee of the Company is responsible for determining the compensation, including grants of equity-based compensation, to be paid to the President, directors and officers of the Company, and for reviewing the President's recommendations respecting the compensation of consultants to the Company to ensure such compensation reflects the responsibilities and risks associated with each position. Compensation of the directors and officers, including the Named Executive Officers (as defined below under "Director and Named Executive Officer Compensation") is reviewed by the Compensation Committee and the Board on an annual basis.

When determining the compensation of the management team, the Compensation Committee and the Board of Directors considers, among other things: (i) providing fair and competitive compensation compared to the remuneration paid by other reporting issuers similarly placed within the same business as the Company; (ii) balancing the interests of management and the shareholders of the Company; and (iii) rewarding performance with respect to operations in general.

In order to achieve these objectives, the Compensation Committee considers the following factors when determining the compensation paid to management: (i) remuneration for services performed for the benefit of the Company; (ii) consulting fees for services rendered in respect of their duties as part of management; and (iii) long-term incentive in the form of stock options. When reviewing the compensation of consultants to the Company, the directors of the Company as a whole consider how individuals are critical to the growth and success of the Company.

The Board delegates responsibility to the Compensation Committee to review, identify and mitigate risks associated with its compensation policies and ensure that the Company's executive compensation policies are designed not to encourage a Named Executive Officer (as defined below) or an individual to take inappropriate or excessive risks in order to achieve individual short-term compensation objectives or outcomes that are not consistent with the long-term interests of the Company's shareholders. To achieve this, the Compensation Committee ensures that the variable elements of the Company's compensation policies are structured, based on personal and corporate objectives, none of which have the effect of encouraging excessive risk taking. The Company makes use of stock options as part of its compensation plan. The deferred nature of this compensation method does not, in the Compensation Committee's view, promote excessive risk taking. Accordingly, the Compensation Committee has not identified any risks arising from its compensation policies and practices that are reasonably likely to have a material adverse effect on the Company.

Named Executive Officers and directors are permitted to purchase financial instruments, including, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the Named Executive Officer or director. All such purchases are subject to insider reporting requirements and are reported on the System for Electronic Disclosure by Insiders.

The incentive stock option component of the Company's executive compensation program is intended to encourage and reward outstanding performance over the short-term and long-term, and to align the interests of the Company's senior officers with those of its shareholders. Options are awarded to Named Executive Officers by the Board based upon recommendations of the Compensation Committee, which bases its decisions upon the level of responsibility and contribution of the individuals towards the Company's goals and objectives. The Compensation Committee also takes into consideration the amount and terms of outstanding stock options in determining its recommendations regarding the options to be granted during any fiscal year. The stock option component of executive compensation acts as an incentive for the Company's Named Executive Officers to work to enhance the Company's value over the long-term, and to remain with the Company.

The Company currently does not pay any fees to its directors and executive officers, aside from consulting fees related to management services provided to the Company.

The details of Ken Macleod's compensation as President and CEO are disclosed under Employment, Consulting and Management Agreements below.

Scott Kelly is paid a monthly consulting fee of \$3,000 plus GST for his services as Chief Financial Officer.

Mr. MacLeod and Mr. Kelly have been granted 600,000 and 150,000 incentive stock options respectively, and may be granted more in the future, subject to the determination of the Compensation Committee and Board of Directors.

A Compensation Committee has been established by the directors of the Company, the current members of which are Stephen Kenwood, Ronald Husband and Gary Freeman. The Compensation Committee of the Board of Directors of the Company operates under a written charter that sets out its responsibilities. The charter for the Compensation Committee of the Board of Directors of the Company is attached to this Information Circular as Appendix 1.

The members of the Compensation Committee do not have direct experience that is relevant to their responsibilities in executive compensation. However, each Committee member has skills and experiences that enable him to make decisions on the suitability of the compensation policies and practices of the Company as set out under "Audit Committee – Relevant Education and Experience".

### **Director and Named Executive Officer Compensation**

The following table sets forth details of all compensation paid in respect of the individuals who were, at December 31, 2016, the Chief Executive Officer and the Chief Financial Officer of the Company (the "Named Executive Officers"), and the Directors of the Company. There were no other executive officers of the Company, or any of its subsidiaries, whose total compensation was, individually, more than \$150,000 for the financial year ended December 31, 2016.

Name and Principal Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Kenneth MacLeod Director, President and Chief Executive Officer	2016	\$90,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	\$90,000
	2015	\$75,000 <sup>(1)</sup>	\$25,000 <sup>(1)</sup>	Nil	Nil	Nil	\$100,000
Stephen Kenwood Chief Operating Officer and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	\$7,500 <sup>(2)</sup>	Nil	Nil	Nil	Nil	\$7,500
Scott Kelly Chief Financial Officer	2016	\$36,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	\$36,000
	2015	\$30,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	\$30,000
Gary Freeman Director	2016	\$5,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	\$5,000
	2015	\$50,000 <sup>(4)</sup>	Nil	Nil	Nil	Nil	\$50,000
Ronald Husband Director	2016	Nil	Nil	Nil	Nil	Nil	Nil
	2015	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) The compensation was paid to Pan Pacific Power Corp., a company wholly owned by Kenneth MacLeod for Mr. MacLeod's services as President and CEO of the Company. The bonus was paid pursuant to the terms of the consulting agreement between the Company and Pan Pacific Power Corp.
- (2) The compensation was paid to 0713708 BC Ltd., a company wholly owned by Stephen Kenwood, for his services as COO.
- (3) The compensation was paid to Tuareg Consulting Inc., a company wholly owned by Scott Kelly, for services provided as CFO of the Company.
- (4) The compensation was paid to GRF Consulting Corp., a company wholly owned by Gary Freeman, for consulting services.

The Company compensates its Named Executive Officers and Directors on a fee for service basis.

The Company has a Directors' and Officers' Insurance Policy, which includes \$2 million in coverage at an annual premium of \$5,490.

## Stock Options and Other Compensation Securities

### Compensation Securities

The following table sets forth details of all awards outstanding for the Named Executive Officers and Directors at the end of the most recently completed financial year, including awards granted to the Named Executive Officers and Directors in prior years. No options have been exercised by any Director or Named Executive Officer during the financial year ended December 31, 2016.

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)(2)</sup>	Option Exercise Price	Option Grant Date	Closing price of security or underlying security on date of grant	Closing price of security or underlying security at year end	Expiry Date
Kenneth MacLeod	Stock option	225,000 <sup>(3)</sup> 21.1%	\$0.20 <sup>(4)</sup>	April 7/14	\$0.095	\$0.11	April 7/19
Stephen Kenwood	Stock option	100,000 <sup>(3)</sup> 9.4%	\$0.10	Dec. 17/14	\$0.125	\$0.11	Dec 17/19
Scott Kelly	Stock option	100,000 <sup>(3)</sup> 9.4%	\$0.10	Dec. 17/14	\$0.125	\$0.11	Dec 17/19
Gary Freeman	Stock option	562,500 <sup>(3)</sup> 52.7%	\$0.10	Dec. 17/14	\$0.125	\$0.11	Dec 17/19
Ronald Husband	Stock option	40,000 <sup>(3)</sup> 3.7%	\$0.10	Dec. 17/14	\$0.125	\$0.11	Dec 17/19

**Notes:**

- (1) The number of underlying securities for each issuance is equal to the number of compensation securities.
- (2) Percentage of class ownership is calculated by dividing the NEO or Director's total option holding by the total number of options outstanding as at December 31, 2016 (1,067,500).
- (3) Options granted on April 7, 2014 and December 17, 2014 are fully vested
- (4) On July 14, 2014 the Company consolidated its share capital on a 2 for 1 basis. The stock option exercise prices reflected herein are adjusted to post-consolidation figures.

### Share Option Plan

The Company has in place a Share Option Plan dated June 22, 2016 (the "Plan") for the benefit of directors, officers, employees, management company employees and consultants of the Company. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine. The key features of the Plan are as follows:

- (a) if the common shares are listed for trading on the TSX, then, the aggregate number of common shares that may be issued to Insiders (as defined in the New Plan) pursuant to options granted under the New Plan and under any other Share Compensation Arrangement (as defined in the New Plan) within any one-year period, must not exceed 10% of the outstanding shares;

- (b) if the common shares are listed for trading on the TSX, then the Company will be required to obtain shareholder approval, excluding the votes of common shares held by Insiders benefiting from the amendment if required by Exchange Policies, of:
  - (i) any reduction in the exercise price of an option held by an Insider;
  - (ii) any extension of the term of an option held by an Insider beyond the original expiry date, subject to such date being automatically extended as the result of the expiry date falling within a Blackout Period (as defined in the New Plan); or
  - (iii) any increase in the fixed maximum number or percentage of common shares which may be issued pursuant to the New Plan;
- (c) subject to any necessary regulatory approvals and to certain other restrictions of the New Plan, the Board may make any of the following amendments without shareholder approval:
  - (i) a change to the time or times that the shares subject to each option will become purchasable by an optionee, including accelerating the vesting terms, if any, applicable to an option;
  - (ii) an amendment of the process by which an optionee who wishes to exercise his or her option can do so, including the required form of payment for the optioned shares being purchased, the form of exercise notice and the place where such payments and notices must be delivered;
  - (iii) a reduction in the exercise price or extension of the expiry date of any option, other than an option held by an Insider;
  - (iv) an amendment to the New Plan relating to the effect of termination, cessation or death of an optionee on the right to exercise options (including options held by an Insider);
  - (v) an amendment to the New Plan or any option of a typographical, grammatical or clerical nature; and
  - (vi) an amendment to the New Plan necessary to bring the New Plan into compliance with applicable securities and corporate laws and Exchange Policies;
- (d) if the common shares are listed on the TSX, then the exercise price must be the market price (as defined under Exchange Policies) as reported on the TSX on the day before the date the option is granted;
- (e) the term of each option will be determined by the Board, provided that, an option can only be exercisable for a maximum of ten (10) years from the date of grant, subject to the expiry date of an option occurring within or immediately following a Blackout Period (as defined in the New Plan);
- (f) subject to the discretion of the Board, if an option expires within a Blackout Period, the expiry date will be extended to the date which is ten (10) business days after the expiry of the Blackout Period, or if an option expires immediately following a Blackout Period, the expiry date will be extended to the date which is ten (10) business days after expiry of the Blackout Period less the number of business days between the expiry date of the option and the date on which the Blackout Period ends;
- (g) notwithstanding any vesting provisions imposed on any options, immediately prior to the completion of a Sale of the Company (as such term is defined in the New Plan), all outstanding and unvested options (except for options granted to consultants conducting Investor Relations

Activities, as defined in the Exchange Policies) will be deemed to be fully vested without the need for any further action by the Company or the optionee; and

### **Employment, Consulting and Management Agreements**

#### *Consulting Agreement with Pan Pacific Power Corp. and Kenneth MacLeod*

The Company entered into a consulting agreement among the Company, Kenneth MacLeod and Pan Pacific Power Corporation dated June 1, 2015 (the "PPC Agreement"), which supersedes a consulting agreement dated April 7, 2014 among the Company and Kenneth MacLeod (the "MacLeod Agreement"). Under the PPC Agreement, the Company retained Pan Pacific Power Corp. to provide management and administrative services including those services customarily provided by the President and Chief Executive Officer of the Company for a term beginning on June 1, 2015 and terminating on May 31, 2016, which one year term will automatically renew on a year-to-year basis, unless otherwise determined by the Board, at a rate of \$7,500 plus GST for each full month in which services are rendered.

The PPC Agreement provides that if Mr. MacLeod remains in the service of the Company as a senior officer for at least one year plus one day, and the Company and PPC agree to a mutual extension of the term beyond the first year of service, then the Company will pay to PPC a one-time bonus payment in the amount of not less than \$25,000 payable at the Company's option, in cash, common shares of the Company or a combination of cash and shares. Mr. MacLeod was paid this bonus of \$25,000 in cash during fiscal 2015.

The PPC Agreement may be terminated: (i) by Mr. MacLeod, at any time, for any reason, without cause or entitlement to any further compensation, upon 30 days' written notice to the Company; (ii) by either party, for cause, at any time without entitlement to any further compensation, in the event of a failure by the other party to comply with any of the provisions of the PPC Agreement, where such failure had been communicated to the other party and a reasonable opportunity to cure the failure has been provided, or, in the case of termination by the Company, the death or incapacity of Mr. MacLeod or conduct PPC including but not limited to a persistent failure to follow the directions of the Board, or any act of gross negligence or wilful misconduct; (iii) by the Company, at any time, without cause or reason, by written notice to PPC.

If the Company terminates the PPC Agreement without cause, the Company will pay Mr. Macleod the fees due for the three months following termination, or the remainder of the term of the PPC Agreement, whichever is less, within ten business days from the date of termination. Based on the assumption that the triggering event occurred on December 31, 2016, the estimated incremental payment to PPC under the foregoing provision would have been \$22,500 plus GST.

In the event that during the term of the PPC Agreement there was a successful take-over bid of the Company or a change of control in the Company resulting from a merger by way of an amalgamation or plan of arrangement or if any shareholder acquires in excess of 50% of the common shares of the Company, then Mr. MacLeod at any time within 120 days of such event will be entitled to terminate the PPC Agreement and to receive the aggregate cash compensation equivalent to three months payment of the cash compensation per the PPC Agreement. Based on the assumption that the triggering event occurred on December 31, 2016, the estimated incremental payment to PPC under the foregoing provision would have been \$22,500 plus GST.

In addition, any options held by Mr. MacLeod on the date of termination will be exercisable until the earlier of 90 days following such date and expiry of the option term.

### **Pension Plan Benefits**

The Company has no pension plans that provide for payments or benefits at, following, or in connection with the retirement of the Named Executive Officers.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as of the end of the Company's financial year ended December 31, 2016, all information required with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by securityholders	14,049,167	\$0.24	337,416 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total</b>	<b>14,049,167</b>	<b>\$0.24</b>	<b>337,416<sup>(1)</sup></b>

Note:

- (1) Based on 24,377,586 common shares of the Company issued and outstanding as at December 31, 2016. The maximum aggregate number of common shares of the Company that may be reserved for issuance under the Plan is equal to 10% of the issued and outstanding common shares at the time of the option grant.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Information Circular, no informed person of the Company, proposed nominee for election as a director, or any associate or affiliate of the foregoing, had any material interest, direct or indirect, in any transaction or proposed transaction since January 1, 2015 which has materially affected or would materially affect the Company.

## APPOINTMENT OF AUDITORS

Management of the Company will recommend to the Meeting the appointment of Smythe Ratcliffe LLP as auditors of the Company. Smythe Ratcliffe LLP was first appointed auditors of the Company on January 9, 2007.

## MANAGEMENT CONTRACTS

No management functions of the Company or any of its subsidiaries are performed to any substantial degree by a person other than the directors or executive officers of the Company or subsidiary, except as disclosed herein.

## **PARTICULARS OF OTHER MATTERS TO BE ACTED UPON**

### **Continuance of Share Option Plan**

In accordance with the policy of the TSXV governing stock options, all issuers are required to adopt a share option plan pursuant to which stock options may be granted. As set out under the heading “Statement of Executive Compensation – Share Option Plan”, the Company currently has a Plan as previously approved by the directors, and as also first approved by the shareholders of the Company at the Annual General and Special Meeting held on June 22, 2016. The Plan complies with the requirements of TSXV Policy 4.4 for Tier 2 issuers. The Plan provides for the issuance of stock options to acquire up to 10% of the Company’s issued and outstanding capital as at the date of grant. This is a “rolling” plan as the number of shares reserved for issuance pursuant to the grant of stock options will increase as the Company’s issued and outstanding share capital increases.

The TSXV policy requires that such Plans be approved by shareholders annually, at the company’s annual general meeting. Continuation of the Plan will be subject to the approval of the shareholders of the Company and review and acceptance by the TSXV. For the principal features of the Plan, see “Statement of Executive Compensation – Share Option Plan”.

A copy of the Plan will be available at the Meeting for review by the shareholders. In addition, upon request, shareholders may obtain a copy of the Plan from the Company prior to the Meeting (see “Additional Information” below).

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

“RESOLVED that:

1. the Company’s share option plan (the “Plan”), as described in the Information Circular of the Company dated May 18, 2017, be and is hereby ratified, confirmed and approved, subject to acceptance by the TSX Venture Exchange;
2. the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of common shares that is equal to 10% of the issued and outstanding capital of the Company at the time of the grant; and
3. any one director or officer of the Company be and he is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the continuation of the Plan.”

The Board of Directors has determined that the approval of the Plan is in the best interests of the Company and its shareholders. The Board unanimously recommends that shareholders vote in favour of the resolution approving the Plan. The persons named in the enclosed proxy intend to vote for the approval of the foregoing resolutions at the Meeting unless otherwise directed by the shareholders appointing them.

### **OTHER BUSINESS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at its offices located at Suite 480, 789 West Pender Street, Vancouver, British Columbia, V6C 1H2 or by telephone at 604.632.1764 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.

DATED at Vancouver, British Columbia, this 18<sup>th</sup> day of May, 2017.

BY ORDER OF THE BOARD OF DIRECTORS

*"Kenneth MacLeod*

Kenneth MacLeod,  
President & Chief Executive Officer

## APPENDIX 1

### SONORO METALS CORP.

#### COMPENSATION COMMITTEE CHARTER

##### I. Mandate

The mandate of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Sonoro Metals Corp. ("Sonoro" or the "Company") is to discharge the responsibilities of the Board relating to compensation of Sonoro's officers and directors, to provide general oversight of Sonoro's compensation structure including equity compensation plans and benefits programs and to perform the additional specific duties and responsibilities set out herein.

##### II. Membership

The Committee will consist of at least two members, a majority of whom will be independent directors of Sonoro, and one of whom will act as chairperson. An "independent" director is a director who is independent, as determined by the Board, within the definitions prescribed for executive compensation committee members by applicable stock exchange listing standards, and applicable laws and, if applicable, U.S. Securities and Exchange Commission ("SEC") rules. Committee members will be appointed, and the Chairperson will be selected from among them, by the Board of Directors.

##### III. Meetings and Procedures

The Committee will meet as often as may be considered necessary or appropriate, in its judgment. The Committee may meet either in person or by telephone, and at such times and places as the Committee determines. At least two members of the Committee must be present to constitute a quorum for the transaction of Committee business. The Chairperson will preside over the meetings, but will have no greater voting rights or decision-making authority than the other member(s) of the Committee. The Committee will report regularly to the full Board with respect to its activities. As a matter of practice, the Committee will discuss significant matters, as determined by the Committee, with the full Board prior to taking final action on such matters.

All recommendations of the Committee with respect to the awarding of compensation to the executive (senior) officers of the Company will be submitted to the full Board for approval before implementation.

##### IV. Outside Advisors

The Committee will have the authority to retain, at the Company's expense, such outside consultants, legal counsel, and other advisors as it determines is appropriate to assist it in the full performance of its functions, including the authority to approve such advisors' fees and other engagement terms.

##### V. Duties and Responsibilities

**(a) Human Resources and Compensation Strategies.** The Committee will oversee and evaluate Sonoro's overall human resources and compensation structure, policies and programs, with the objective of ensuring that these establish appropriate incentives and leadership development for management and other employees.

**(b) Executive Compensation.** The Committee will review and approve corporate goals and objectives relevant to the compensation of the President (the "President") and the Chief Executive Officer (the "CEO") and the other executive officers of Sonoro, evaluate the performance of the President and the CEO and the other executive officers in light of those goals and objectives and approve their annual compensation levels, including salaries, bonuses, and stock option grants based on such evaluation.

- (c) Employment Agreements.** The Committee will review and approve all employment related agreements and severance arrangements for the President and the CEO and other executive officers, including, without limitation, change-of-control agreements.
- (d) External Reporting of Compensation Matters.** The Committee will prepare an annual report on executive officer compensation for publication in Sonoro's proxy circulars, as required by the securities regulatory authorities having jurisdiction over the Company. The Chairperson of the Committee will make him or herself available for questions from shareholders of the Company at the Company's Annual General Meeting.
- (e) Stock Option and Incentive Compensation Plans.** The Committee will supervise and administer Sonoro's stock option or any other equity-based compensation programs, and the incentive compensation plan, and may approve, amend, modify, interpret, ratify the terms of, or terminate any such plan, to the extent that such plans and applicable laws so permit, and will make recommendations to the Board with respect to equity-based plans and incentive-compensation plans as appropriate.
- (f) Employee Benefit Plans.** The Committee will monitor the effectiveness of benefit plan offerings, in particular benefit plan offerings pertaining to executive officers, and will review and approve any new employee benefit plan or change to an existing plan that creates a material financial commitment by Sonoro. In its discretion, the Committee may otherwise approve, amend, modify, ratify, interpret the terms of, or terminate any benefit plan.
- (g) Leadership Development and Succession Planning.** The Committee will review the leadership development and succession planning processes for senior management positions and ensure that appropriate compensation, incentive and other programs are in place in order to promote appropriate leadership development.
- (h) Director Compensation.** The Committee will annually review the compensation of directors for service on the Board and its committees and recommend to the Board the annual Board member compensation package, including retainer, Committee member and Chair retainers, Board and Committee meeting attendance fees and any other form of compensation, such as stock option grants or stock awards.
- (i) Annual Evaluation.** The Committee will annually evaluate the performance of the Committee and the adequacy of the Committee's charter and recommend to the Board such changes as it deems appropriate.
- (j) General.** The Committee will perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee deems appropriate.

## **VI. Delegation**

The Committee may delegate any of the foregoing duties and responsibilities to one or more members of the Committee. In addition, the Committee may delegate to one or more executive officers of the Company the administration of equity incentive or employee benefit plans, unless otherwise prohibited by such plans, or applicable law or stock exchange rules. Any such delegation may be revoked by the Committee at any time.

## APPENDIX 2

### SONORO METALS CORP. (the "Corporation")

#### AUDIT COMMITTEE CHARTER

The Audit Committee of the Board of Directors (the "Committee") has the responsibilities and duties as outlined below:

#### 1. Mandate

The mandate of the Committee is:

- (a) To perform such duties as may be required by applicable legislation, regulations and policies including those of the Ontario Securities Commission ("OSC") and the TSX Venture Exchange ("TSXV") as more fully described under the heading "Duties" below.
- (b) To assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities for:
  - (i) the integrity of the Corporation's financial statements;
  - (ii) the Corporation's compliance with legal and regulatory requirements;
  - (iii) the external auditors' qualifications and independence;
  - (iv) the performance of the Corporation's independent auditors; and
  - (v) the system of internal control over financial reporting ("internal controls")
- (c) To perform such other duties as may from time to time be assigned to the Committee by the Board.

#### 2. Authority

The Committee has authority to:

- (a) conduct or authorize investigations into any matters within its scope of responsibility;
- (b) retain independent counsel, accountants or others to advise the Committee or assist in the conduct of an investigation;
- (c) meet with Corporation officers, external auditors and outside counsel, as necessary;
- (d) determine appropriate funding for independent advisors

#### 3. Duties

The Committee shall:

##### Financial Information

- (a) review the quarterly and annual consolidated financial statements of the Corporation prior to approval by the Board and disclosure to the public, which review should include discussion with management and external auditors of significant issues regarding the

financial results, accounting principles, practices and management estimates and judgments;

- (b) review the quarterly and annual Management's Discussion & Analysis ("MD&A") of the Corporation's current financial results, position and future prospects prior to review and approval by the Board;
- (c) review annual and interim earnings press releases and earnings guidance press releases before such information is publicly disclosed;
- (d) discuss significant financial risk exposures and the steps management of the Corporation has taken to monitor, control and report such exposures;
- (e) review with management and the external auditors all matters required to be communicated to the Committee under generally accepted auditing standards;
- (f) ensure that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;
- (g) review the process relating to and all certifications of the Chief Executive Officer and the Chief Financial Officer on the integrity of the Corporation's quarterly and annual consolidated financial statements as may be required under applicable securities legislation;

#### Compliance

- (a) review investments and transactions that could adversely affect the well-being of the Corporation which may be brought to its attention by the external auditors or by any officer of the Corporation;
- (b) review the period reports on litigation matters;
- (c) annually, review the Corporation's environmental policy and evaluate the Corporation's effectiveness in complying with that policy;
- (d) annually, review the Charter for the Committee and evaluate the Committee's effectiveness in fulfilling its mandate;

#### Internal Controls

- (a) require Corporation management to implement and maintain appropriate internal control procedures over financial reporting and review, evaluate and approve these procedures;
- (b) establish procedures for processing complaints regarding accounting, internal controls or auditing matters;
- (c) establish procedures for responding to complaints regarding environmental matters;

#### External Auditors

- (a) have responsibility for the oversight of the external auditors who shall report directly to the Committee;
- (b) retain and terminate the Corporation's external auditors, subject to shareholder ratification;

- (c) review the annual audit plan and letter(s) of engagement;
- (d) at least annually review the report of the external auditors;
- (e) review and recommend to the Board the annual fee for the audit, review the Corporation's audit related expenses and pre-approve permitted non-audit services;
- (f) approve all non-audit services to be provided to the Corporation by the external auditors;
- (g) meet with the external auditors and with management to discuss the quarterly and the annual consolidated financial statements including the Corporation's disclosure under MD&A;
- (h) review with the external auditors any audit problems or difficulties and management's response;

#### Reporting/Other Duties

- (a) report to the Board on the proceedings of each Committee meeting and on the Committee's recommendations at the next regularly scheduled Board meeting;
- (b) provide for an open avenue of communication between internal audit, the external auditors and the Board;
- (c) institute and oversee special investigations as needed;
- (d) perform such other functions and exercise such other powers as are prescribed from time to time for the audit committee of a reporting company in parts 2 and 4 of Multilateral Instrument 52-110 of the Canadian Securities Administrators, the *Business Corporations Act* (Ontario) and the Articles of the Corporation.