

# SONORO METALS CORP.

## CORPORATE DATA

### *Head Office*

Suite 408 - 470 Granville Street  
Vancouver, BC V6C 1V5

### *Directors and Officers*

Kenneth MacLeod, *Director, Chief Executive Officer, President*

John Darch, *Director, Chairman*

Neil Maedel, *Director, Executive Director, Corporate Finance*

Stephen Kenwood, *Director*

James Taylor, *Director*

Salil Dhaumya, *Chief Financial Officer*

Katharine Regan, *Corporate Secretary*

Melvin Herdrick, *Vice President, Exploration*

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

### *Listings*

TSX Venture Exchange  
Tier 2  
Symbol: SMO

OTCQB  
Symbol: SMOFF

**SONORO METALS CORP.**  
Suite –408-470 Granville Street,  
Vancouver, BC V6C 1V5  
Telephone: 604.632.1764

## **MANAGEMENT INFORMATION CIRCULAR**

(except as otherwise stated, the information contained herein is given as of August 10, 2020)

This management information circular (the “**Information Circular**”) and the accompanying documents (the “**Meeting Materials**”) are furnished in connection with the solicitation by the management of Sonoro Metals Corp. (the “**Company**” or “**Sonoro**”) of proxies to be used at the Company’s annual general meeting of shareholders (the “**Shareholders**”) of common shares of the Company (the “**Common Shares**”) to be held on Friday, September 4, 2020 (the “**Meeting**”) and any adjournment thereof at the time and place and for the purposes set forth in the accompanying notice of annual general meeting (“**Notice of Meeting**”).

## **SOLICITATION OF PROXIES AND VOTING INSTRUCTIONS**

### **Solicitation of Proxies**

It is anticipated that the solicitation will be primarily by mail in relation to the delivery of the Information Circular. Proxies may also be solicited personally or by telephone by directors, officers or regular employees of the Company at nominal costs. The costs of solicitation will be borne by the Company. The Company has arranged for Intermediaries (as defined below) to forward the Meeting Materials to Non-Registered Shareholders (as defined below) and the Corporation may reimburse the Intermediaries for their reasonable fees and disbursements in that regard.

### **Appointment and Revocation of Proxies**

The person(s) designated by Management in the enclosed form of proxy are directors and/or officers of the Company (the “**Management Proxyholders**”). Each Shareholder has the right to appoint as proxyholder a person (who need not be a Shareholder) other than Management Proxyholders to represent the Shareholder at the Meeting or at any adjournment or postponement thereof. Such right may be exercised by striking out the names of the person(s) printed in the accompanying form of proxy and inserting the name of the person in the blank space provided in the enclosed form of proxy or by completing another suitable form of proxy and, in either case, delivering the completed and executed form of proxy as provided below.

**If you are a Non-Registered Shareholder (as defined below) and wish to vote at the Meeting, you have to insert your own name in the blank space provided on the voting instruction form or form of proxy sent to you by your Intermediary (as defined below), follow the applicable instructions provided by your Intermediary, AND register yourself as your proxyholder, as described below under the heading “Appointment of a Third Party as Proxy”.**

### **Registered Shareholders**

In the case of registered Shareholders (“**Registered Shareholders**”), the completed, signed and dated form of proxy should be sent in the addressed envelope enclosed to Computershare Trust Company of Canada Attn: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or via fax to 1-866-249-7775 (toll free North America) or 1-416-263-9524 (International). Alternatively, Registered Shareholders may vote by telephone by calling 1-866-732-8683 (toll free) or by using the internet at [www.investorvote.com](http://www.investorvote.com). To be effective, a proxy must be received not later than 10:00 a.m. (Vancouver

time) on September 2, 2020, or at least 48 hours (excluding Saturdays and holidays), before the time for holding the Meeting or any adjournment thereof.

A Registered Shareholder who has given a proxy may revoke it by depositing an instrument in writing, including another proxy bearing a later date, signed by the Shareholder or by the Shareholder's attorney, who is authorized in writing, or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the Shareholder or by the Shareholder's attorney, who is authorized in writing, to the head office of the Company at any time up to and including the last business day preceding the day of the Meeting, or in the case of any adjournment or postponement of the Meeting, the last business day preceding the day of the adjournment or postponement, or with the Chair of the Meeting on the day of, and prior to the start of, the Meeting or any adjournment or postponement thereof. A Registered Shareholder may also revoke a proxy in any other manner permitted by law. Only Registered Shareholders have the right to revoke a proxy. A Non-Registered Shareholder who wishes to change its vote must arrange for its Intermediary to revoke its proxy on its behalf.

### **Voting of Proxies**

On any ballot that may be called for, the Common Shares represented by a properly executed proxy given in favour of the Management Proxyholders will be voted or withheld from voting in accordance with the instructions given on the ballot. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly.

In the absence of any direction in the instrument of proxy, such Common Shares will be voted in favour of the matters set forth in the accompanying Notice of Meeting. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the accompanying Notice of Meeting, and with respect to other matters which may properly come before the Meeting or any adjournment or postponement thereof. At the date of this Information Circular, Management is not aware of any such amendment, variation or other matter to come before the Meeting. However, if any amendments or variations to matters identified in the accompanying Notice of Meeting or any other matters which are not now known to Management should properly come before the Meeting or any adjournment or postponement thereof, the Common Shares represented by properly executed proxies given in favour of the Management Proxyholders will be voted on such matters pursuant to such discretionary authority.

### **Non-Registered Holders**

Only Registered Shareholders (or duly appointed proxyholders) are permitted to vote at the Meeting. However, in many cases, Shareholders are "non-registered" Shareholders because the Common Shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. More particularly, a person is not a Registered Shareholder in respect of Common Shares which are held on behalf of that person (a "**Non-Registered Shareholder**"), but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Shareholder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. Non-Registered Shareholders do not appear on the list of Shareholders maintained by the transfer agent.

Non-Registered Shareholders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as Non-Objecting Beneficial Owners ("**NOBOs**"). Those Non-Registered Shareholders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as Objecting Beneficial Owners ("**OBOs**").

In accordance with the requirements as set out in National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*, the Corporation has distributed copies of the Meeting Materials to Intermediaries for onward distribution to NOBOs and OBOs. The Company does not intend to pay for Intermediaries to deliver the Meeting Materials to OBOs. An OBO will therefore not receive the Meeting Materials unless such OBO's Intermediary assumes the cost of delivery.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive the Meeting Materials will either:

- (a) be given a form of proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted as to the number of Common Shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the proxy. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder's behalf), the Non-Registered Shareholder must complete the form of proxy and deposit it with the Corporation's registrar and transfer agent, Computershare Trust Company of Canada, as provided above; or
- (b) be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Shareholder and returned to the Intermediary or its service company, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions, which contains a removable label containing a barcode and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company. If the Non-Registered Shareholder does not wish to attend and vote at the virtual Meeting in person (or have another person attend and vote on the holder's behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form.

In either case, the purpose of this procedure is to permit a Non-Registered Shareholder to direct the voting of the Common Shares which they beneficially own. Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered. Only Registered Shareholders have the right to revoke a proxy. A

Non-Registered Shareholder who wishes to change its vote must arrange for its Intermediary to revoke its proxy on its behalf. Non-Registered Shareholders who wish to vote at the virtual Meeting must insert their own name in the blank space provided on the voting instruction form or form of proxy, follow the applicable instructions provided by the Intermediary AND register as your proxyholder, as described below under the heading "Appointment of a Third Party as Proxy".

### **Appointment of a Third Party as Proxy**

The following applies to Non-Registered Shareholders who wish to appoint themselves as proxyholder to attend, ask questions and vote at the Meeting. Shareholders who wish to appoint a third party proxyholder to represent them at the Meeting must submit their proxy or voting instruction form (if applicable) prior to registering the proxyholder. Registering the proxyholder is an additional step once the holder has submitted its proxy or voting instruction form. Failure to register the proxyholder will result in the proxyholder not receiving a Username to participate in the meeting. To register a proxyholder, Shareholders MUST visit <https://www.computershare.com/sonorometals> by 10:00 a.m. (Vancouver time)

on September 2, 2020 and provide Computershare Trust Company of Canada with the proxyholder's contact information.

### **Record Date**

The board of directors of the Corporation (the "**Board**") has fixed August 10, 2020 (the "**Record Date**") as the record date for the purpose of determining holders of Common Shares entitled to receive notice of and to vote at the Meeting. In accordance with the provisions of the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), the Company or its transfer agent will prepare a list of holders of Common Shares on the Record Date. Each Shareholder named in the list or such Shareholder's proxy will be entitled to vote the Common Shares shown opposite such Shareholder's name on the list at the Meeting.

### **Voting Shares**

The authorized voting securities of the Corporation consist of an unlimited number of Common Shares. As of the date hereof, the Company has 43,069,845 Common Shares outstanding, each carrying the right to one vote. Except as otherwise noted in this Information Circular, a simple majority of the votes cast at the Meeting, whether in person, by proxy or otherwise, will constitute approval of any matter submitted to a vote.

### **Quorum**

Two (2) persons present, each entitled to vote thereat or a duly appointed proxy or proxyholder for an absent Shareholder so entitled, holding or representing in the aggregate not less than 5% of the issued and outstanding of the Company carry the right to vote will constitute a quorum at the Meeting.

### **Principal Shareholders**

As of the date hereof, to the knowledge of the directors and executive officers of the Company, no person beneficially owned, controlled or directed, directly or indirectly, more than 10% of the voting rights attached to the outstanding Common Shares except for Kenneth MacLeod, President and CEO of the Company, who owns 4,967,251 shares, representing 11.70% of the outstanding shares of the Company.

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

Other than as disclosed in this Information Circular, no: (i) director or executive officer of the Company at any time since the beginning of the last completed financial year; (ii) proposed nominee for election as a director; or (iii) any associate of a person in (i) or (ii) has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

## **PARTICULARS OF MATTERS TO BE ACTED UPON AT THE MEETING**

### **Presentation of Financial Statements**

The audited consolidated financial statements for the financial year ended December 31, 2019 and the report of the auditor thereon will be placed before the shareholders at the Meeting, but no vote thereon is required. These documents are available upon request or they can be found under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) or on its website at [www.sonorometals.com](http://www.sonorometals.com).

## Election of Directors

The Board presently consists of five directors and the term of office of each of the present directors expires at the close of the Meeting. The Board has set the number of directors to be elected at the Meeting at six. Management of the Company intends to nominate Mr. Curtis Turner for election as a director of the Company. Management is of the view that Mr. Turner will provide valuable perspective and expertise to the Board as an independent director of the Company.

The following is a brief profile of Mr. Turner's experience and expertise:

Mr. Turner has over 15 years' experience in business and finance; including mergers and acquisitions, public reporting and operations, as well as community and government relations. Previously, Mr. Turner was the CEO and director of Candelaria Mining Corp. and held a senior management position at Argonaut Gold Inc., where he was a key member of the team that successfully completed four acquisitions totaling over \$700 million. Prior to his position at Argonaut Gold Inc., Mr. Turner was employed by Yamana Gold Inc. and Meridian Gold Inc. in increasing levels of responsibility in the accounting and finance areas.

At the Meeting, the holders of Common Shares will be asked to vote for election of the six persons named in the table below, presented for election at the Meeting as Management's nominees.

It is proposed that the persons whose names are set forth below be elected to the Board. All directors elected at the Meeting will hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

**UNLESS OTHERWISE INSTRUCTED, PROXIES AND VOTING INSTRUCTIONS GIVEN PURSUANT TO THIS SOLICITATION BY THE MANAGEMENT OF THE COMPANY WILL BE VOTED FOR THE ELECTION OF EACH OF THE PROPOSED NOMINEES SET FORTH IN THE TABLE BELOW.**

Management has no reason to believe that any of the nominees will be unable to serve as a director. However, if any proposed nominee is unable to serve as a director, the individuals named in the enclosed form of proxy will be voted in favour of the remaining nominees, and may be voted in favour of a substitute nominee unless the Shareholder has specified in the proxy that the Common Shares represented thereby are to be withheld from voting in respect of the election of directors.

The following table sets forth the name of each persons proposed to be nominated for election as a director, such person's province or state and country of residence, all positions and offices with the Company presently held by such nominee, the nominee's municipality of residence, principal occupation or employment at present and during the preceding five years, the period of service as a director of the Company and the number of Common Shares of the Company beneficially owned, or over which such person exercises control or direction, as at the date of this Information Circular.

Name, Position, Province/State and Country of Residence <sup>(1)(2)</sup>	Principal Occupation or Employment <sup>(1)</sup>	Period as a Director of the Company	No. of Shares <sup>(1)</sup>
<b>KENNETH MACLEOD</b> <sup>(5) (6)</sup> Director, President, Chief Executive Officer British Columbia, Canada	President and Chief Executive Officer of the Company	Since April 7, 2014	4,967,251

Name, Position, Province/State and Country of Residence <sup>(1)(2)</sup>	Principal Occupation or Employment <sup>(1)</sup>	Period as a Director of the Company	No. of Shares <sup>(1)</sup>
<b>JOHN M. DARCH</b> Director, Chairman British Columbia, Canada	Founder and Chairman of Doi Chaang Coffee from 2006 to 2018; Co-Founder and Chairman of Western Geo Power from 2002 to 2006; Co-Founder of Crew Group of Public mining companies from 1983 to 2002	Since October 16, 2018	3,023,000 <sup>(3)</sup>
<b>STEPHEN P. KENWOOD</b> <sup>(5) (6)</sup> Director British Columbia, Canada	Geologist and Business Consultant	Since January 15, 2007	1,516,216 <sup>(4)</sup>
<b>NEIL MAEDEL</b> <sup>(5) (6)</sup> Director, Executive Director, Corporate Finance British Columbia, Canada	Independent consultant from 2017 to 2019; founding director of Kenadyr Mining Corp. from 2014 to 2017;	Since February 11, 2019	675,000
<b>JAMES TAYLOR</b> Director British Columbia, Canada	Director of Auston Capital; Investment Advisor for Dundee Goodman from April 2014 to April 2016; and Investment Advisor Richardson GMP from January 2011 to April 2014.	Since June 27, 2019	1,300,000
<b>Curtis Turner</b> Proposed Director	CEO and director at Candelaria Mining Corp. from June 2017 to July 2020; and Corporate Development Officer at Argonaut Gold from October 2009 to January 2017	Proposed nominee	nil

(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. The description of the principal occupations or employment for Messrs. Darch and Maedel is for the past five years.

(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 these, 1,900,000 shares are owned by Western Investments Limited, a private company wholly-owned by Mr. Darch.

(4) Of these, 959,300 shares are owned by 0713708 BC Ltd., a private company wholly-owned by Mr. Kenwood.

(5) Member of Audit Committee.

(6) Member of Compensation Committee.

### Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, no proposed director of the Corporation is, as at the date of this Circular, or within ten years prior to the date of this Circular has been, a director, chief executive officer or chief financial officer of any company (including the Company) that:

- (a) 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

- (b) 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,

To the knowledge of the Company, no proposed 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 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;
- (b) 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; or
- (c) 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 other 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.

### **Appointment of Auditors**

Smythe LLP has been the auditor of the Company since January 9, 2007. Management recommends the re-appointment of Smythe LLP. At the Meeting, Shareholders will be asked to vote for the appointment of Smythe LLP as auditors of the Company, to hold office until the next annual general meeting of Shareholders, at a remuneration to be fixed by the Board.

### **Approval of Share Option Plan**

The Company has in place a Share Option Plan dated June 22, 2016 (the “**Plan**”) as previously approved by the directors, and as also first approved by the shareholders of the Company at the Annual General Meeting held on June 22, 2016.

The Plan is in place for the benefit of directors, officers, employees, management employees and consultants of the Company and of its subsidiaries (the “Participants”). As of August 10, 2020, a total of 4,225,000 options are outstanding under the Plan. The Plan provides that the directors of the Company may grant options to purchase common shares on terms that the directors may determine, within the limitations of the Plan. The maximum aggregate number of common shares that may be reserved for issuance under the Plan and all other share compensation arrangements of the Company is 10% of the Company’s issued and outstanding shares 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 or decrease as the Company’s issued and outstanding share capital changes. The exercise price of an option issued under the Plan is determined by the directors but may not be less than the closing market price of the Company’s shares on the day preceding the date of granting of the option less any available discount, in accordance with the policies of the TSXV. No option may be granted for a term longer than 10 years. An option may expire on such earlier date or dates as may be fixed by the Board, subject to earlier termination in the event the optionee ceases to be eligible under the Plan by reason of death, retirement or otherwise.

The Plan provides for the following restrictions: (i) no Participant may be granted an option if that option would result in the total number of stock options granted to the Participants in the previous 12 months, exceeding 5% of the issued and outstanding common shares unless the Company has obtained disinterested shareholder approval in accordance with the policies of the TSXV; (ii) the aggregate number of options granted to Participants conducting Investor Relations Activities (as defined in the policies of the TSXV) in any 12 month period must not exceed 2% of the issued and outstanding common shares, calculated at the time of grant; and, (iii) the aggregate number of options granted to any one consultant in any 12 month period must not exceed 2% of the issued and outstanding common shares, calculated at the time of grant. In addition, Options granted to consultants conducting Investor Relations Activities will vest over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting or such longer vesting period as the Board may determine. Vesting of Options is otherwise at the discretion of the Board.

The policies of the TSXV require that the Plan 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.

A copy of the Plan will be available at the Meeting for review by shareholders. In addition, shareholders may obtain a copy of the Plan from the Company prior to the Meeting, please 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 August 11, 2020, 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.

## **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 NI 58-101, 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. Applying the criteria in NI 58-101, Kenneth MacLeod, John Darch, and Neil Maedel are not considered independent directors of the Company as they are officers of the Company. Stephen Kenwood and James Taylor are independent directors as defined in NI 58-101. If Curtis Turner is elected as a director of the Company at the Meeting, then he will be an independent director as defined in NI 58-101.

Due to the size and stage of development of the Company, the Board has deemed it to be impractical at this time to maintain a Board which consists of a majority of independent directors. The Board will continue to assess the need for additional independent directors as the Company develops. The Board is of the view that the Company is well-served by its board composition and that the independence of the Board from management is not compromised.

### **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	AMP German Cannabis Group Inc. and Auston Capital Corp.
Stephen Kenwood	Eurasia Energy Corp.; Majestic Gold Corp. and Ely Gold Royalties Inc.
James Taylor	Captiva Verde Land Corp; Targeted Microwave Solutions Inc. and Auston Capital Corp.
John Darch	None
Neil Maedel	None

### **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 Kenneth MacLeod, Stephen Kenwood and Neil Maedel. Stephen Kenwood is an independent Board member of the Compensation Committee. 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 1 to this Information Circular.

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

As at the date hereof, the members of the Audit Committee are Stephen Kenwood, Kenneth MacLeod and Neil Maedel. Neil Maedel replaced James Taylor as a member of the Audit Committee following his resignation from the Audit Committee in January 2020. If the proposed nominee, Curtis Turner, is elected to the Board at the Meeting, the Board intends to elect Mr. Turner as an independent member of the Audit Committee at its first meeting held after the Meeting.

The current composition of the Audit Committee of the Company is not in compliance with Part 6 *Venture Issuers* of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") or 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. The Company is relying on the exemption in section 6.1.1(6) of NI 51-110 (see "Audit Committee - Reliance on Certain Exemptions" below).

Applying the criteria in NI 52-110, Kenneth MacLeod and Neil Maedel are not considered independent directors of the Company as they are officers of the Company. Stephen Kenwood is an independent director as defined in NI 52-110 and under the TSX-V policies. The Audit Committee is not in compliance with NI 52-110 and the TSX-V policies.

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.

“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.

### **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.

#### *Kenneth MacLeod*

Mr. MacLeod has over 35 years executive experience in the management, administration and financing of public companies engaged in resource exploration and development in North and South America, Africa and Asia.

#### *Neil Maedel*

Mr. Maedel is a South East Asia based venture capitalist with an extensive multi-decade background in finance and analysis of micro-cap companies. His focus is on corporate reorganizations and management.

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 an exemption under section 2.4, 6.1.1(4), or (5), or granted under Part 8 of NI 52-110.

Since the resignation of James Taylor from the Audit Committee in January 2020, the Company has been relying on the exemption in section 6.1.1(6) of NI 52-110 with respect to the composition of its Audit Committee.

**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 \$29,000 for the fiscal year ended December 31, 2019 and \$28,000 for the fiscal year ended December 31, 2018.

*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, 2019 and nil for the fiscal year ended December 31, 2018.

*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 \$3,500 for the fiscal year ended December 31, 2019 and \$2,500 for the fiscal year ended December 31, 2018. 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 the Company is a "venture issuer" under NI 52-110, the Company is relying on the exemption in Section 6.1 of NI 52-110 from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## STATEMENT OF EXECUTIVE COMPENSATION

### Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth details of all compensation paid during the two most recently completed financial years of the Company in respect of the individuals who were, at December 31, 2019, the directors, the Chief Executive Officer (the “CEO”) and the Chief Financial Officer (the “CFO”) and together with the CEO, the “NEOs”) 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, 2019.

Table of compensation excluding compensation securities							
Name and position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Kenneth MacLeod Director, President and Chief Executive Officer	2019	\$150,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	\$150,000
	2018	\$150,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	\$150,000
Scott Kelly Chief Financial Officer <sup>(3)</sup>	2019	\$60,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	\$60,000
	2018	\$60,000 <sup>(2)</sup>	Nil	Nil	Nil	Nil	\$60,000
John Darch, Executive Chairman, Director <sup>(4)</sup>	2019	\$142,500 <sup>(5)</sup>	12,500 <sup>(5)</sup>	Nil	Nil	Nil	\$155,000
	2018	\$25,000 <sup>(5)</sup>	Nil	Nil	Nil	Nil	\$25,000
Neil Maedel, Executive Director <sup>(6)</sup>	2019	\$90,000	Nil	Nil	Nil	Nil	\$90,000
	2018	Nil	Nil	Nil	Nil	Nil	Nil
Salil Dhaumya, Chief Financial Officer <sup>(7)</sup>	2019	\$3,709.68 <sup>(8)</sup>	Nil	Nil	Nil	Nil	\$3,709.68
	2018	Nil	Nil	Nil	Nil	Nil	Nil

(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.

(2) The compensation was paid to Tuareg Consulting Inc., a company wholly owned by Scott Kelly, for services provided as CFO of the Company.

(3) Mr. Kelly resigned from the company on November 30, 2019.

(4) Mr. Darch was appointed a director of the Company on October 16, 2018.

(5) The compensation was paid to Western Investments Ltd., a company wholly owned by John Darch, for Mr. Darch’s services as a director and Executive Chairman of the Company. The bonus was granted by the Company’s Compensation Committee and paid to Western Investments Ltd.

(6) Mr. Maedel was appointed a director of the Company on February 11, 2019.

(7) Mr. Dhaumya was appointed a Chief Financial Officer of the Company on December 9, 2019

(8) The compensation was paid to Koios Corporate Financial Services Ltd., a company wholly owned by Salil Dhaumya, for Mr. Dhaumya’s services as the Chief Financial Officer of the Company.

The Company compensates its NEOs 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 \$7,000.

### External Management Companies

The NEOs of the Company, Kenneth MacLeod, John Darch, Neil Maedel and Salil Dhaumya, are not employees of the Company.

The Company has entered into consulting agreements with certain of its NEOs and directors. Please see "Employment, Consulting and Management Agreements" below.

### Stock Options and Other Compensation Securities

#### Compensation Securities

The following table sets forth details of all awards outstanding for the NEOs 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.

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class <sup>(1)(2)(3)</sup>	Option Exercise Price	Date of Grant	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, President, CEO, Director	Stock Option	225,000 19.0%	\$0.16	Nov. 12/18	\$0.17	\$0.14	Nov. 12, 2020
Stephen Kenwood, Director	Stock Option	75,000 6.3%	\$0.12	July 28/17	\$0.12	\$0.14	July 28, 2022
Neil Maedel, Director	Stock Option	100,000 8.4%	\$0.17	Feb 11/19	\$0.18	\$0.14	Feb 11, 2021
Salil Dhaumya, Chief Financial Officer	Stock Option	200,000 16.9%	\$0.16	Dec 9/19	\$0.16	\$0.14	Dec 9/2021

(1) The number of underlying securities for each issuance is equal to the number of compensation securities.

(2) The total amount of compensation securities, and underlying securities, held by each NEO and director on the last day of the most recently completed financial year end is as follows: Mr. MacLeod held 225,000; Mr. Kenwood held 75,000; Mr. Maedel held 100,000 and Mr. Dhaumya held 200,000.

(3) 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, 2019, which is 1,185,000.

### Exercise of Compensation Securities

The following table sets out each exercise by a director or NEO of compensation securities during the most recently completed financial year.

Exercise of Compensation Securities by Directors and NEOs							
Name and position	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Kenneth MacLeod, President, CEO, Director	Stock Option	475,000	\$0.12	Dec-06-19	\$0.16	\$0.04	\$76,000
Steve Kenwood, Director	Stock Option	100,000	\$0.10	Oct-23-19	\$0.16	\$0.06	\$16,000
Scott Kelly former Chief Financial Officer <sup>(1)</sup>	Stock Option	100,000 150,000	\$0.10 \$0.12	Oct-23-19 Dec-06-19	\$0.16 \$0.16	\$0.06 \$0.04	\$16,000 \$24,000
Neil Maedel, Executive Director	Stock Option	250,000	\$0.17	Dec-27-19	\$0.13	\$-0.04	\$42,500
John Darch, Chairman, Director	Stock Option	350,000 150,000 100,000	\$0.16 \$0.16 \$0.18	Dec-06-19 Dec-27-19 Dec-27-19	\$0.16 \$0.13 \$0.13	\$0.00 \$-0.03 \$-0.05	\$56,000 \$19,500 \$13,000

(1) Mr. Kelly resigned from the company on November 30, 2019.

### 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. For particulars of the Plan please see “Continuance of Share Option Plan” below.

### 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 Corp. (“PPPC”) dated June 1, 2017 (the “PPPC Agreement”), which supersedes a consulting agreement dated April 7, 2015 among the Company and Kenneth MacLeod. Under the PPPC 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, 2017 and initially terminating on May 31, 2020, following which the term will automatically renew on a year-to-year basis, unless otherwise determined by the Board and Mr. MacLeod, at a rate of \$12,500 plus GST for each full month in which services are rendered (the “PPPC Fees”). The consulting agreement was renewed by the Company and PPPC on May 1, 2020 for a further term ending on April 30, 2023.

The Company, in its sole discretion and at any time, may terminate the PPPC Agreement immediately for Just Cause (as defined in the PPPC Agreement) without any notice or compensation in lieu of notice, or without Just Cause. If the PPPC Agreement is terminated by the Company without Just Cause, the Company will provide to PPPC a one-time lump sum payment equivalent to 24 months of PPPC’s then-current annual PPPC Fees, or the remainder of the term, whichever is less, (less all required or

permitted withholdings and remittances), within 5 business days from the date of termination. Based on the assumption that the termination event occurred on December 31, 2019, the estimated incremental payment to PPC under the foregoing provision would have been \$150,000 plus GST.

In the event of a change of control of the Company, then, within 30 days of such event, PPC may, by written notice to the Company (a "Change of Control Notice"), immediately terminate the PPC Agreement and the Company will pay PPC for the PPC Fees that would have otherwise been due for the twenty-four (24) months following such termination, or the remainder of the term, whichever is less, within five (5) business days from the date of the Change of Control Notice. Based on the assumption that a change of control event occurred on December 31, 2019, the estimated incremental payment to PPC under the foregoing provision would have been \$150,000 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.

*Consulting Agreement with Western Investments Ltd. and John Darch*

The Company entered into a consulting agreement with Western Investments Ltd. and John Darch (together, "Western") dated October 16, 2018 (the "Western Agreement"), to retain the services of Western, to serve on a full-time basis in the capacity of director and Executive Chairman to assist the Company with sourcing, negotiating and securing funds for the continuing exploration and development of the Cerro Caliche and San Marcial projects in Sonora, Mexico pursuant to the terms and conditions set forth in the Western Agreement and Western has agreed to provide such services (the "Western Services") for an initial term commencing October 16, 2018 to May 31, 2020 (the "Western Term") subject to earlier termination or extension pursuant to the Western Agreement. On May 1, 2020, the Company and Western agreed to extend the Western Term until April 30, 2023.

The Company will pay to Western CAD\$10,000.00 plus GST per month, for each full month during the Western Term in which the Western Services are rendered (the "Western Fees"). Effective April 1, 2019, John Darch's consulting rate was increased to CAD \$12,500 per month plus GST.

Pursuant to the terms of the Western Agreement, Mr. Darch was granted a stock option to purchase up to 325,000 common shares of the Company at a price of \$0.13 per share with such stock options being immediately exercisable for a period of two years from date of grant. Additionally, subject to approval of the Board and the terms and conditions of the Company's Share Option Plan, Mr. Darch shall be granted a further stock option to purchase up to 175,000 common shares of the Company at the time when the Board reasonably determines that the Company has a sufficient number of authorized but unissued options available to be granted under the Share Option Plan. The exercise price of such stock option will be subject to all of the terms and conditions of the Company's Share Option Plan in effect at the relevant time. Pursuant to the Western Agreement, Mr. Darch was granted 500,000 stock options on November 12, 2018 and 100,000 stock options on April 16, 2019.

The Company, in its sole discretion and at any time, may terminate the Western Agreement immediately for Just Cause (as defined in the Western Agreement) without any notice or compensation in lieu of notice, or without Just Cause. If the Western Agreement is terminated by the Company without Just Cause, the Company will provide to Western a one-time lump sum payment equivalent to 24 months of Western's then-current annual Western Fees, or the remainder of the term, whichever is less, (less all required or permitted withholdings and remittances), within five (5) business days from the date of termination. Based on the assumption that the triggering event occurred on December 31, 2019, the estimated incremental payment to Western under the foregoing provision would have been \$150,000 plus GST.

In the event of a change of control of the Company, then, within 30 days of such event, Western may, by written notice to the Company (a "Change of Control Notice"), immediately terminate the Western Agreement and the Company will pay Western for the Western Fees that would have otherwise been due for the twenty-four (24) months following such termination, or the remainder of the term, whichever is less, within five (5) business days from the date of the Change of Control Notice. Based on the assumption that

a change of control event occurred on December 31, 2019, the estimated incremental payment to Western under the foregoing provision would have been \$150,000 plus GST.

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

*Consulting Services Agreement with Koios Corporate Financial Services Ltd. and Salil Dhaumya*

The Company entered into a consulting services agreement with Koios Corporate Financial Services Ltd. and Salil Dhaumya (together, "Koios") dated December 9, 2019 (the "Koios Agreement"), pursuant to which Koios agreed to provide services consistent with the position of Chief Financial Officer of the Company (the "Koios Services") and will dedicate 50% of Koios's working time to performing the Koios Services. The Company pays Koios a monthly fee of \$5,000 plus GST (the "Koios Fees") for a term commencing December 9, 2019 to December 31, 2021 (the "Koios Term") subject to earlier termination or extension pursuant to the Koios Agreement.

The Company, in its sole discretion and at any time, may terminate the Koios Agreement immediately for Just Cause (as defined in the Koios Agreement) without any notice or compensation in lieu of notice, or without Just Cause. If the Koios Agreement is terminated by the Company without Just Cause, the Company will provide to Koios a one-time lump sum payment equivalent to 12 months of Koios's then-current annual Koios Fees, or the remainder of the term, whichever is less, (less all required or permitted withholdings and remittances), within five (5) business days from the date of termination. Based on the assumption that the triggering event occurred on December 31, 2019, the estimated incremental payment to Koios under the foregoing provision would have been \$60,000 plus GST.

In the event of a change of control of the Company, then, within 30 days of such event, Koios may, by written notice to the Company (a "Change of Control Notice"), immediately terminate the Koios Agreement and the Company will pay Koios for the Koios Fees that would have otherwise been due for the twelve (12) months following such termination, or the remainder of the term, whichever is less, within five (5) business days from the date of the Change of Control Notice. Based on the assumption that a change of control event occurred on December 31, 2019, the estimated incremental payment to Koios under the foregoing provision would have been \$60,000 plus GST.

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

*Consulting Services Agreement with Katharine Regan*

The Company entered into a consulting services agreement with Katharine Regan dated January 22, 2019 (the "Regan Agreement"), pursuant to which Regan agreed to provide services consistent with the position of Corporate Secretary of the Company (the "Regan Services") and will dedicate 100% of Regan's working time to performing the Regan Services. The Company pays Regan a monthly fee of \$8,000 plus GST (the "Regan Fees") for a term commencing January 22, 2019 to April 30, 2020 to (the "Regan Term") subject to earlier termination or extension pursuant to the Regan Agreement. On May 1, 2020, the Company and Regan agreed to extend the Regan Term until April 30, 2023.

The Company, in its sole discretion and at any time, may terminate the Regan Agreement immediately for Just Cause (as defined in the Regan Agreement) without any notice or compensation in lieu of notice, or without Just Cause. If the Regan Agreement is terminated by the Company without Just Cause, the Company will provide to Regan a one-time lump sum payment equivalent to 12 months of Regan's then-current annual Regan Fees, or the remainder of the term, whichever is less, (less all required or permitted withholdings and remittances), within five (5) business days from the date of termination. Based on the assumption that the triggering event occurred on December 31, 2019, the estimated incremental payment to Regan under the foregoing provision would have been \$96,000 plus GST.

In the event of a change of control of the Company, then, within 30 days of such event, Regan may, by

written notice to the Company (a "Change of Control Notice"), immediately terminate the Regan Agreement and the Company will pay Regan for the Regan Fees that would have otherwise been due for the twelve (12) months following such termination, or the remainder of the term, whichever is less, within five (5) business days from the date of the Change of Control Notice. Based on the assumption that a change of control event occurred on December 31, 2019, the estimated incremental payment to Regan under the foregoing provision would have been \$96,000 plus GST.

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

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

The following discussion provides information about the Company's executive compensation objectives, processes, and compensation decisions relating to its directors and NEOs as listed in the table above under "Director and Named Executive 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 NEOs, 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 consider, among other things: each officer's qualifications, experience and responsibilities within the Company; balancing the interests of management and the shareholders of the Company; and rewarding performance with respect to operations in general. The Company does not use a peer group to determine compensation.

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 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 NEOs 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 NEOs 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 Kenneth Macleod's compensation as President and CEO, of Salil Dhaumya's compensation as CFO, of Katharine Regan's compensation as Corporate Secretary and of John Darch's compensation as Chairman, are disclosed under "Employment, Consulting and Management Agreements above".

As of the date hereof, Mr. MacLeod and Mr. Dhaumya have been granted 800,000 and 200,000

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 Kenneth MacLeod, Stephen Kenwood and Neil Maedel. If the proposed director nominee, Curtis Turner, is elected to the Board at the Meeting, the Board intends to appoint him as an independent member of the Compensation Committee at its first meeting held after the Meeting. The Compensation Committee of the Board of Directors of the Company operates under a written charter that sets out its responsibilities. The Company's Compensation Committee Charter as approved by the Board of Directors is attached to this Information Circular as Appendix 2.

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".

### 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, 2018, 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)) (c)
Equity compensation plans approved by securityholders	1,185,000	\$0.15	3,071,932 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
Total	1,185,000	\$0.15	3,071,932 <sup>(1)</sup>

(1) Based on 42,569,932 common shares of the Company issued and outstanding as at December 31, 2019. 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 described herein, Management is not aware of any material interest, direct or indirect, of any informed person of the Company, any proposed director or any associate or affiliate of any informed person or proposed director in any transaction since the commencement of our most recently completed financial year, or in any proposed transaction, that has materially affected or would materially affect Sonoro or any of its affiliates or subsidiaries.

**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.

**OTHER BUSINESS**

Management knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters properly come before the Meeting, the Common Shares represented by the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

**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, 470 Granville Street, Vancouver, British Columbia, V6C 1V5 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 11<sup>th</sup> day of August, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

*"Kenneth MacLeod"*

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Kenneth MacLeod  
President & Chief Executive Officer

## APPENDIX 1

### 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.

## APPENDIX 2

### 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.