



## **ScoZinc Mining Ltd.**

**NOTICE OF MEETING**

**AND**

**MANAGEMENT INFORMATION CIRCULAR**

**WITH RESPECT TO**

**THE ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON OCTOBER 25, 2019**

Meeting Date and Time: Friday, October 25, 2019  
at 2:00 p.m. (Eastern Daylight Time)

Place: 82 Richmond Street East  
Toronto, Ontario  
M5C 1P1, Canada

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## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an annual and special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of ScoZinc Mining Ltd. (“**ScoZinc**” or the “**Corporation**”) will be held on Friday, October 25, 2019, at 2:00 p.m. (Eastern Daylight Time), at 82 Richmond Street East, Toronto, Ontario, M5C 1P1, Canada, for the following purposes:

1. to receive and consider the consolidated financial statements of the Corporation for the financial year ended December 31, 2018, together with the auditors’ report thereon;
2. to elect the directors of the Corporation for the ensuing year;
3. to appoint KPMG LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the directors of the Corporation to fix their remuneration;
4. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve, for the ensuing year, the Corporation’s incentive stock option plan (the text of which is attached as Schedule “B” to this information circular);
5. to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution to approve and adopt the Corporation’s restricted stock unit incentive plan (the text of which is attached as Schedule “C” to this information circular); and
6. To transact such further and other business as may be properly brought before the Meeting or any and all adjournments or postponements thereof.

The record date for the determination of Shareholders entitled to receive notice of, and to vote at, the Meeting or any adjournments or postponements thereof is September 23, 2019 (the “**Record Date**”). Shareholders whose names have been entered in the register of Shareholders at the close of business on the Record Date will be entitled to receive notice of, and to vote, at the Meeting or any adjournments or postponements thereof. This notice is accompanied by a form of proxy or voting instruction form (which includes reply card for use by Shareholders who wish to receive the Corporation’s financial statements) and a management information circular (the “**Circular**”). The nature of the business to be transacted at the Meeting is described in further detail in the attached Circular of the Corporation.

**All Shareholders are invited to attend the Meeting and may attend in person or may be represented by proxy. A “Beneficial” or “Non-registered” Shareholder will not be recognized directly at the Meeting for the purposes of voting common shares registered in the name of their broker; however, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the common shares in that capacity. Only Shareholders as of the Record Date are entitled to receive notice of and vote at the Meeting. Shareholders who are unable to attend the Meeting in person, or any adjournments or postponements thereof, are requested to complete, date and sign the enclosed form of proxy (registered holders) or voting instruction form (beneficial holders) and return it in the envelope provided, so that as large a representation as possible may be had at the Meeting.**

To be effective, the enclosed form of proxy or voting instruction form must be mailed or faxed so as to reach or be deposited with Computershare Investor Services Inc., by mail: 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1; or by fax: 1.866.249.7775, not later than 2:00 p.m. (Eastern Daylight Time) on October 23, 2019 or 48 hours (other than a Saturday, Sunday or holiday) prior to the time to which the Meeting may be adjourned. Notwithstanding the foregoing, the Chair of the Meeting has the discretion to

accept proxies received after such deadline. Alternatively, Shareholders may vote online at: [www.investorvote.com](http://www.investorvote.com) using the control number found on the enclosed proxy.

**DATED** this 23<sup>rd</sup> day of September, 2019 at Toronto, Ontario

**BY ORDER OF THE BOARD OF DIRECTORS OF  
SCOZINC MINING LTD.**

*“Mark Haywood”*

Mark Haywood  
President and Chief Executive Officer



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## MANAGEMENT INFORMATION CIRCULAR

as at September 23, 2019 (except as otherwise indicated)

**This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of ScoZinc Mining Ltd. (“ScoZinc” or the “Corporation”) for use at the annual and special meeting of its shareholders (the “Shareholders”) to be held on October 25, 2019, or any adjournment thereof (the “Meeting”) at the time and place and for the purposes set forth in the accompanying Notice of the Meeting.**

In this Circular, references to the “Corporation”, “ScoZinc”, “we” and “our” refer to ScoZinc Mining Ltd. “Common Shares” or “Shares” means common shares without par value in the capital of the Corporation. “Beneficial Shareholders” means Shareholders who do not hold Common Shares in their own name and “intermediaries” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders.

## GENERAL PROXY INFORMATION

### Solicitation of Proxies

The solicitation of proxies by the management of the Corporation for use at the Meeting will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Corporation. The Corporation will bear all costs of this solicitation.

The proxy materials are sent to our registered Shareholders through the Corporation’s transfer agent, Computershare Investor Services Inc. (“**Computershare**”). The Corporation does not send the Circular and related proxy materials directly to non-registered Shareholders, and instead the Corporation uses the services of Broadridge Investor Communication Corporation (“**Broadridge**”) who acts on behalf of intermediaries to send proxy materials. The Corporation intends to pay intermediaries to send proxy-related materials and voting instruction forms to objecting non-registered Shareholders.

### Appointment of Proxyholders

The individuals named in the accompanying form of proxy (the “**Proxy**”) are directors or officers of the Corporation (the “**Management Nominees**”). **If you are a Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than Management Nominees, who need not be a Shareholder, to attend, act and vote for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another suitable form of proxy.**

In either case, the completed proxy must be delivered to the offices of Computershare, 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 fixed for the Meeting or any adjournment thereof at which the proxy is to be used.

Failure to properly complete or deposit a proxy may result in its invalidation. Late proxies may be accepted or rejected by the Chairman of the Meeting in his or her discretion; however, the Chairman is under no obligation to accept or reject any particular late proxy. The time limit for the deposit of proxies may be waived by the Chairman of the Meeting at his discretion, without notice.

### **Voting by Proxyholder**

The persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy when properly completed, executed and deposited and not revoked confers discretionary authority on the persons named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

**In respect of a matter listed on the Proxy for which a choice is not specified in the Proxy, the Management Nominees will vote the Common Shares represented by the Proxy “IN FAVOUR OF” such matter.**

### **Registered Shareholders**

Registered Shareholders may wish to vote by proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by:

- (a) completing, dating and signing the enclosed Proxy and returning it to Computershare, by fax within North America at 1.866.249.7775, outside North America at 416.263.9524, or by mail to 8<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1 or by hand delivery at 2<sup>nd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, Canada; or
- (b) using a touch-tone phone to transmit voting choices to a toll free number. Registered Shareholders must follow the instructions of the voice response system and refer to the enclosed proxy form for the toll free number, the holder’s control number and the proxy access number; or
- (c) using the internet through the website of the Corporation’s transfer agent at [www.investorvote.com](http://www.investorvote.com). Registered Shareholders must follow the instructions that appear on the screen and refer to the enclosed Proxy for the holder’s control number and the proxy access number;

in all cases ensuring that the proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting at which the proxy is to be used or the adjournment thereof.

### **Beneficial Shareholders**

**The following information is of significant importance to Shareholders who do not hold Common Shares in their own name.** Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by registered Shareholders (those whose names appear on the records of the Corporation as the registered holders of Common Shares) or by an intermediary on behalf of a Beneficial Shareholder as set out below.

If Common Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Shareholder's name on the records of the Corporation and the holder would be considered a "Beneficial Shareholder". Such Common Shares will more likely be registered under the names of the Shareholder's intermediary. In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Corporation (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada, under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders on whose behalf they hold Shares in advance of voting those Shares at any meeting of Shareholders. Every intermediary has its own procedures and provides its own return instructions to clients to seek voting instructions.

Beneficial Shareholders should follow the instructions of their intermediary carefully to ensure that their Common Shares are voted at the Meeting.

The form of voting instructions form ("**VIF**") supplied to you by your broker will be similar to the Proxy provided to Registered Shareholders by the Corporation. However, its purpose is limited to instructing the intermediary on how to vote your Common Shares on your behalf. Most brokers now delegate responsibility for obtaining instructions from Beneficial Shareholders to Broadridge in the United States and in Canada. Broadridge mails a VIF in lieu of a Proxy provided by the Corporation. The VIF will name the same persons as the Corporation's proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Corporation), other than any of the persons designated in the VIF, to represent you at the Meeting. You may appoint yourself on your VIF to attend and vote your Shares at the Meeting. To exercise this right, you should insert the name of the desired representative (which may be yourself) in the blank space provided in the VIF. The completed VIF must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting and the appointment of any Shareholder's representative. **If you receive a VIF from Broadridge, the VIF must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have your Common Shares voted or to have an alternate representative duly appointed to attend and to vote your Common Shares at the Meeting.**

#### **Notice to Shareholders in the United States**

The solicitation of proxies involve securities of an issuer located in Canada and is being effected in accordance with the corporate laws of the Province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States *Securities Exchange Act of 1934*, as amended, are not applicable to the Corporation or this solicitation, and this solicitation has been prepared in accordance with the disclosure requirements of the securities laws of the provinces of Canada. Shareholders should be aware that disclosure requirements under the securities laws of the provinces of Canada differ from the disclosure requirements under United States securities laws.

The enforcement by Shareholders of civil liabilities under United States federal securities laws may be affected adversely by the fact that the Corporation is incorporated under the *Business Corporations Act* (British Columbia) (the "**BCBCA**"), as amended, certain of its directors and its executive officers are residents of Canada and a substantial portion of its assets and the assets of such persons are located outside the United States. Shareholders may not be able to sue a foreign Corporation or its officers or directors in a foreign court for violations of United States federal securities laws. It may be difficult to compel a foreign Corporation and its officers and directors to subject themselves to a judgment by a United States court.

## Revocation of Proxies

In addition to revocation in any other manner permitted by law, a registered Shareholder who has given a proxy may revoke it by:

- (a) executing a Proxy bearing a later date and depositing it as provided above;
- (b) executing a valid notice of revocation, and delivering it to the address of the registered office of the Corporation at #15601 Highway 224, Cooks Brook, Nova Scotia, B0N 1Y0, at any time up to and including the last business day that precedes the day of the Meeting, or to the Chairman of the Meeting on the day of the Meeting;
- (c) personally attending the Meeting and voting the registered Shareholder's Common Shares; or
- (d) in any other manner provided by law.

Beneficial Shareholders who wish to change their vote must arrange for their respective intermediaries to revoke a proxy on their behalf. A revocation of a proxy will not affect a matter on which a vote has already been taken before the revocation.

## FORWARD LOOKING STATEMENTS

This Circular includes certain "forward-looking statements". All statements other than statements of historical fact included in this Circular, including without limitation statements regarding the future plans and objectives of the Corporation, are forward-looking statements that involve various risks and uncertainties. These forward-looking statements include, but are not limited to, other information that is based on forecasts of future operational or financial results, estimates of amounts not yet determinable and assumptions of management.

Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "estimates" or "intends", or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ from those reflected in the forward-looking statements.

There can be no assurance that forward-looking statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Corporation's expectations include, among others, risks related to mining operations, the actual results of current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined as well as future prices of zinc and lead and other commodities.

Although the Corporation has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, Shareholders should not place undue reliance on forward-looking statements. The Corporation does not undertake to update any forward-looking statements, except as, and to the extent required by, applicable securities laws. For more information about the risks and challenges of ScoZinc's business, Shareholders should review this Circular, ScoZinc's annual filings for the year ended December 31, 2018, and its management's discussion and analysis available at [www.sedar.com](http://www.sedar.com).

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

No director or executive officer of the Corporation, or any person who has held such a position since the beginning of the last completed financial year end of the Corporation, nor any nominee for election as a director of the Corporation, nor any associate or affiliate of the foregoing persons, has any substantial or material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting other than the election of directors or the appointment of auditors.

## VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors of the Corporation (the “**Board**” or “**Board of Directors**”) has fixed September 23, 2019, as the record date (the “**Record Date**”) for determination of persons entitled to receive notice of and to vote at the Meeting. Only Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a Proxy in the manner and subject to the provisions described above will be entitled to vote or to have their Common Shares voted at the Meeting. A quorum for the Meeting is two persons who are, or who represent by proxy, Shareholders who, in the aggregate, hold at least 5% of the issued Common Shares entitled to be voted at the Meeting.

The Common Shares are listed for trading on the TSX Venture Exchange (“**TSX-V**”). The Corporation is authorized to issue an unlimited number of Common Shares without par value. As of the Record Date, there were 10,101,461 Common Shares issued and outstanding, each carrying the right to one vote. The Corporation is also authorized to issue an unlimited number of non-voting Class “A” Preferred Shares without par value, of which none are outstanding, and an unlimited number of non-voting Class “B” Preferred Shares with a par value of C\$10.00 each, of which none are outstanding.

To the knowledge of the directors and executive officers of the Corporation, the only persons or corporations that beneficially own, or control or direct, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares as at the Record Date are:

Shareholder Name	Number of Common Shares Held <sup>(1)</sup>	Percentage of Issued Common Shares <sup>(2)</sup>
Michael McMullen <sup>(3)</sup>	1,025,000	10.15 %
Ashwath Mehra <sup>(4)</sup>	1,025,000	10.15 %

### Notes:

- (1) The information as to Common Shares beneficially owned, controlled or directed, not being within the knowledge of the Corporation, has been obtained by the Corporation from publicly disclosed information and/or furnished by the Shareholder listed above.
- (2) Calculated on a non-diluted basis.
- (3) Mr. McMullen controls such Common Shares through a number of trusts, partnerships and/or other entities.
- (4) Mr. Mehra controls such Common Shares through a number of trusts, partnerships and/or other entities.

## VOTES NECESSARY TO PASS RESOLUTIONS

At the Meeting, Shareholders will be asked to pass the resolutions described herein. A simple majority of affirmative votes cast at the Meeting in person or by proxy is required to pass the resolutions described herein. If there are more nominees for election as directors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of

vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

## RECEIPT OF FINANCIAL STATEMENTS

The consolidated financial statements of the Corporation for the financial year ended December 31, 2018, and the accompanying auditors' report thereon will be presented at the Meeting. Copies of the consolidated financial statements and the accompanying auditors' report have been mailed to the Shareholders who have requested these documents.

Copies are also available online at [www.sedar.com](http://www.sedar.com) or upon request, without charge and will be available at the Meeting.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### ELECTION OF DIRECTORS

At the Meeting, the following six (6) persons named hereunder will be proposed for election as directors of the Corporation. Management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, it is intended that discretionary authority shall be exercised by the persons named in the accompanying proxy to vote the proxy for the election of any other person or persons in place of any nominee or nominees unable to serve. Each director elected will hold office until the close of the next annual meeting of Shareholders of the Corporation, or until his successor is duly elected unless prior thereto he resigns or his office becomes vacant by reason of death or other cause.

**Shareholders have the option to (i) vote for all of the directors of the Corporation listed in the table below; (ii) vote for some of the directors and withhold for others; or (iii) withhold for all of the directors. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be withheld or voted otherwise, the persons named in the proxy or voting instruction form will vote FOR the election of each of the proposed nominees set forth below as directors of the Corporation.**

The following table, among other things, sets forth the name of all persons proposed to be nominated for election as directors, their place of residence, position held, and periods of service with, the Corporation, or any of its affiliates, their principal occupations and the approximate number of Common Shares of the Corporation beneficially owned, controlled or directed, directly or indirectly, by them, as at the Record Date:

Name of Nominee, Current Position with the Corporation and Province and Country of Residence	Present Principal Occupation and/or Positions Held During the Preceding Five Years	Director of the Corporation Since	Common Shares of the Corporation or Voting Securities of any of its Subsidiaries Beneficially Owned, Controlled or Directed
<b>Victor Lazarovici</b> <sup>(2)(3)</sup> South Carolina, USA – Director and Chairman	Retired Managing Director with BMO Capital Markets, former Director of Abacus Mining & Exploration Corporation (TSX-V); former Director of Minera Andes; former Director of Jaguar Financial Corp.	June 17, 2013	143,750
<b>Michael Surratt</b> <sup>(1)(3)</sup> Nevada, USA – Director	Retired former President, CEO and Director of Mercator Minerals; former Vice President Operations and Director of Miramar Mining; former Vice President of Santa Fe Mining.	June 14, 2017	5,000
<b>Ashwath Mehra</b> <sup>(1)(2)</sup> Zug, Switzerland – Director	Chief Executive Officer of Astor Management AG and Chief Executive Officer of MRI Advisory AG.	August 20, 2019	1,025,000
<b>Christopher Hopkins</b> <sup>(1)(2)</sup> Toronto, Ontario – Director	Chief Financial Officer of Relay Medical Corp. (CSE); Chief Financial Officer of Central Timmins Exploration Corp. (TSX-V); former Chief Financial Officer of Kerr Mines Inc. (TSX); former President & CEO Takara Resources Inc. (TSX-V); former Chief Financial Officer US Silver Corporation (TSX).	June 14, 2017	83,333
<b>Mark Haywood</b> <sup>(3)</sup> Toronto, Ontario – Director President & Chief Executive Officer	Managing Director of Caravel Mining Inc. Former President & CEO of Banyan Gold.	September 20, 2019	375,000
<b>Mark Billings</b> Montreal, Quebec – Nominee Director	President & Director of Auxico Resources Canada Inc. (AUAG: CSE).	Nominee Director	0

**Notes:** The information as to principal occupation, business or employment and Common Shares and voting securities of any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, is not within the knowledge of the management of the Corporation and has been furnished by the respective nominees.

- (1) Member of the Audit Committee.
- (2) Member of the Corporate Governance, Compensation and Nomination Committee.
- (3) Member of the Corporate Social Responsibility Committee.

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

Other than set out below, no individual set forth above is, as at the date of this Circular, or have been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days that was issued while such individual was acting in the capacity as director, chief executive officer or chief financial officer:
  - a. Chris Hopkins was an officer and director of CellCube Energy Storage Systems Inc., when, on November 2, 2018, the company was issued a cease trade order by the Ontario Securities Commission and British Columbia Securities Commission for failure to file annual financial stated for the year ended June 30, 2018. On December 11, 2018, the cease trade orders were revoked.
  - b. Mark Billings is presently a director of Manganese X Energy Corp. (TSX-V: MN) (“Manganese X”) (formerly, Sunset Cove Mining Inc., TSX-V: SSM, or “Sunset Cove”), which was issued a cease trade order (“CTO”) by the British Columbia Securities Commission (“BCSC”) on August 6, 2015 as a result of Sunset Cove’s incapacity to file its annual audited financial statements, management’s discussion and analysis and CEO and CFO certificates by the filing deadline of July 30, 2015, as prescribed by National Instrument 51-102 – Continuous Disclosure Obligations, due to a lack of funding to pay for the costs associated with the audit. This CTO was lifted by the BCSC on June 1, 2016 as Sunset Cove had met all of its continuous disclosure requirements.
  
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after such individual ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while such proposed director was acting in the capacity as director, chief executive officer or chief financial officer:
  - a. Chris Hopkins was an officer and director of CellCube Energy Storage Systems Inc., when, on November 2, 2018, the company was issued a cease trade order (a “CTO”) by the Ontario Securities Commission and British Columbia Securities Commission for failure to file annual financial stated for the year ended June 30, 2018. On December 11, 2018, the CTO were revoked.
  - b. Mark Billings is presently a director of Manganese X Energy Corp. (TSX-V: MN) (“Manganese X”) (formerly, Sunset Cove Mining Inc., TSX-V: SSM, or “Sunset Cove”), which was issued a cease trade order by the British Columbia Securities Commission (“BCSC”) on August 6, 2015 as a result of Sunset Cove’s incapacity to file its annual audited financial statements, management’s discussion and analysis and CEO and CFO certificates by the filing deadline of July 30, 2015, as prescribed by National Instrument 51-102 – Continuous Disclosure Obligations, due to a lack of funding to pay for the costs associated with the audit. This CTO was lifted by the BCSC on June 1, 2016 as Sunset Cove had met all of its continuous disclosure requirements.

No individual set forth in the above table (or any personal holding company of any such individual) is, as of the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while such individual 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.

No individual as set forth in the above table (or any personal holding company of any such individual) has, within the 10 years before the date of this 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 such individual.

No individual set forth in the above table (or any personal holding company of any such individual) has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **CONTINUATION OF THE OPTION PLAN**

### **General Description**

The Corporation has an option plan which was initially approved by the Shareholders on May 12, 2008. Subsequent amendments were approved by the Board and Shareholders. Shareholders approved the last amendment on September 14, 2018 (the “**Plan**”). As of the date of this Circular, the Plan is the Corporation’s only equity compensation plan. However, the Shareholders should note that the Corporation is seeking Shareholder approval of a Restricted Stock Unit Incentive Plan, which is approved by Shareholders and instituted by the Board, will be an additional equity compensation plan of the Corporation. As of the date of this Circular, the Corporation has 809,000 options outstanding to purchase Common Shares.

The Plan provides for the acquisition of Common Shares by directors, officers, employees or consultants of the Corporation, or any affiliated entity of the Corporation, for the purpose of advancing the interests of the Corporation through the motivation, attraction and retention of key employees and directors and to secure for the Corporation and the Shareholders the benefits inherent in the ownership of Common Shares by key employees and directors, it being generally recognized that stock option plans can aid in attracting, retaining and encouraging employees and directors due to the opportunity offered to them to acquire a proprietary interest in such company.

### **Stock Option Plan Approval**

The TSX-V requires all listed companies with a 10% rolling stock option plan to obtain annual shareholder approval of such a plan. Shareholders will be asked at the Meeting to vote on a resolution to approve, for the ensuing year, the Plan.

The Plan provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase common shares. The Plan provides for a floating maximum limit of 10% of the outstanding Common Shares as permitted by the policies of the TSX-V. As at the date hereof, this represents 1,101,146 options to purchase Common Shares available under the Plan.

Outstanding options to purchase a total of 809,000 Common Shares have been issued to directors, officers, employees and consultants of the Corporation and remain outstanding. As at the date hereof, the number of options to purchase Common Shares remaining available for issuance under the Plan is 201,146.

### *Summary of some of the features of the Plan*

- persons who are Eligible Persons (as defined in the Plan) of the Corporation are eligible to receive grants of Options (as defined in the Plan) under the Plan. The number of Common Shares reserved or to be issued under the Plan and all other security-based compensation arrangements (including the RSU Plan), at any time, shall not exceed 10% of the total number of the issued and outstanding Common Shares of the Corporation;
- the Plan restricts the grant of Options under the Plan as follows:
  - without obtained Disinterested Shareholder Approval (as defined in the Plan):
    - The number of Common Shares reserved for issuance pursuant to Options granted to Insiders (as defined in the Plan) within a 12-month period shall not exceed 10% of the issued and outstanding Common Shares;
    - the aggregate number of Common Shares reserved for issuance pursuant to the Plan, shall not exceed 5% of the issued Common Shares (determined at the Date of Grant (as defined in the Plan) of an Option) to any one Eligible Person in a 12 month period.
  - the aggregate number of Options which may be granted to any one Consultant (as defined in the Plan) in any 12-month period shall not exceed 2% of the issued Shares at the Date of Grant; and
  - the aggregate number of Options which may be granted to persons employed to provide Investor Relations Activities (as defined in the Plan) shall not exceed 2% of the issued Shares at the Date of Grant;
- Options granted under the Plan are non-assignable and non-transferable, other than by will or by the laws of descent;
- Options granted under the Plan are exercisable for a maximum of 10 years from the Date of Grant;
- in the case of Options granted to a Optionee (as defined in the Plan) who is an employee, consultant, consultant company or management company employee, the Optionee must be a bona fide employee, consultant, consultant company or management company employee, as the case may be, of the Corporation or its subsidiaries;
- the Board will have complete discretion to set the vesting schedule for Options granted under the Plan, provided that where the Optionee is a Consultant performing Investor Relations Activities such Options must vest in stages of no less than over a 12 month period from the Date of Grant with no more than one quarter of the Options vesting in any three month; and
- provided the Common Shares are listed on the TSX Venture Exchange , the exercise price of each option will be set by the Board on the date such option is granted, and will not be less than the Fair Market Value of the Shares (as defined in the Plan).

The full text of the Plan is attached hereto as Schedule “B”.

### **Shareholder Approval for the Plan**

Shareholders will be asked to consider and, if deemed advisable, to pass an ordinary resolution approving the Plan (the “**Stock Option Plan Resolution**”), which, to be effective, must be passed by not less than a majority of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting.

**The Board recommends that Shareholders vote FOR the Stock Option Plan Resolution. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the Stock Option Plan Resolution, the persons named in the proxy or voting instruction form will vote FOR the Stock Option Plan Resolution.**

## **APPROVAL OF RESTRICTED STOCK UNIT INCENTIVE PLAN**

The purpose of the Restricted Stock Unit Incentive Plan (“**RSU Plan**”) is to (i) encourage the attraction and retention of officers, directors, employees, consultants and other persons to serve the Corporation and its subsidiaries; and (ii) encourage such persons to improve the business results and earnings of the Corporation, by providing to such persons an opportunity to acquire or increase a direct interest in the operations and future success of the Corporation. To this end, the RSU Plan provides for the grant of restricted stock units (“**RSU**”). Any of these awards of RSU’s may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals.

The RSU Plan requires disinterested shareholder approval. At the Meeting, shareholders will be asked to approve an ordinary resolution to adopt the RSU Plan. The votes attaching to shares beneficially owned by (i) insiders to who options may be granted under the RSU Plan; and (ii) associates of persons referred to in (i) will be excluded from voting on the approval of the RSU Plan.

The following is a summary of the RSU Plan. The summary is qualified in its entirety by the full text of the RSU Plan as attached as Schedule "C" of this information circular. The RSU Plan remains subject to the approval of the TSX Venture Exchange.

### ***Description of the RSU Plan***

The RSU Plan is available to Directors, Employees and Consultants (these terms have the meaning provided in the definitions section of Schedule “C” attached to this information circular) which are collectively referred to in the RSU Plan as Service Providers of the Corporation, as determined by the Board (the “Eligible Grantees”). The maximum number of common shares available for issuance under the RSU Plan shall be 1,010,146. The number of common shares issued or to be issued under the RSU Plan and all other security based compensation arrangements, at any time, shall not exceed 10% of the total number of the issued and outstanding common shares of the Corporation. The total number of common shares issuable to insiders under the RSU Plan, at any time, together with any other security-based compensation arrangements of the Corporation, shall not exceed ten percent of the issued and outstanding common shares of the Corporation. The total number of common shares issuable to insiders within any one-year period under the RSU Plan and all other security based compensation arrangements of the Corporation shall not exceed ten percent of the issued and outstanding common shares of the Corporation. The total number of common shares issuable to any person within any one-year period under the RSU Plan and all other security based compensation arrangements of the Corporation shall not exceed one percent of the issued and outstanding common shares of the Corporation. The total number of common shares issuable to all persons within any one-year period under the RSU Plan and all other security based compensation arrangements of the Corporation shall not exceed two percent of the issued and outstanding common shares of the Corporation. Neither awards nor any rights under any such awards shall be assignable or transferable.

The RSU Plan shall terminate automatically after ten years and may be terminated on any earlier date or extended by the Board.

The Board may at any time, in its sole discretion and without the approval of shareholders, amend, suspend, terminate or discontinue the RSU Plan and may amend the terms and conditions of any awards thereunder,

subject to (a) any required approval of any applicable regulatory authority or the TSX-V, and (b) approval of shareholders of the Corporation, provided that shareholder approval shall not be required for the following amendments and the Board may make changes which may include but are not limited to: (i) amendments of a 'housekeeping nature'; (ii) changes to vesting provisions; (iii) changes to the term of the Plan or awards made under the RSU Plan; or (iv) changes to performance criteria term. The Board may amend, modify, or supplement the terms of any outstanding award.

### ***Restricted Stock Units***

The RSU Plan provides that the Board of the Corporation may, from time to time, in its sole discretion, grant awards of RSU's to Eligible Grantees. Each RSU shall represent one common share of the Corporation. The Board may, in its sole discretion, establish a period of time (a "Vesting period") applicable to such RSU's. Each award of RSU's may be subject to a different Vesting period. The Board may, in its sole discretion, prescribe restrictions in addition to or other than the expiration of the Vesting period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the RSU's. The performance criteria will be established by the Board in its sole discretion. The Board may, in its sole discretion, revise the performance criteria. Notwithstanding the foregoing, (i) RSU's that vest solely by the passage of time shall not vest in full in less than three (3) years from the grant date; (ii) RSU's for which vesting may be accelerated by achieving performance targets shall not vest in full in less than one (1) year from the grant date; and (iii) RSU's granted to outside directors vest, (a) at the election of an outside director at the time the award is granted, within a minimum of one (1) year to a maximum of three (3) years following the grant date, as such outside director may elect, and (b) if no election is made, upon the earlier of a change of control or his or her resignation from the Board.

Restrictions on any RSU's shall lapse immediately and become fully vested in the grantee upon a change of control. If a grantee's employment is terminated with cause, the Corporation may, within 30 days, annul an award if the grantee is an employee of the Corporation or an affiliate thereof. If a grantee's employment is terminated with or without cause, any RSU's that have not vested and will not vest within 30 days from the date of termination, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited.

As of the date of this information circular, there are no RSU's outstanding under the RSU Plan.

### **Approval Required**

The text of the ordinary resolution approving the RSU Plan is as follows:

"BE IT RESOLVED as an ordinary resolution that:

1. the RSU Plan, substantially in the form attached as Schedule "C" to the information circular be, and is hereby, ratified, affirmed and approved;
2. the form of the RSU Plan may be amended in order to satisfy the requirements or requests of any regulatory authorities or stock exchange without requiring further approval of the shareholders of the Corporation; and
3. any one director or officer of the Corporation be, and is hereby, authorized and directed to do all such acts and things and to execute and deliver under the corporate seal of the Corporation or otherwise all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions."

To be effective, the resolution must be passed by the majority of votes cast by shareholders present or represented by proxy at the Meeting, excluding 1,233,083 common shares which represent votes attaching

to shares beneficially owned by (i) insiders to who RSUs may be granted under the RSU Plan; and (ii) associates of persons referred to in (i), and be accepted for filing by the TSX-V.

**The Board recommends that Shareholders vote FOR the RSU Plan Resolution. Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be voted against the RSU Plan Resolution, the persons named in the proxy or voting instruction form will vote FOR the RSU Plan Resolution.**

## **APPOINTMENT OF AUDITORS AND REMUNERATION**

KPMG LLP, Chartered Accountants (“KPMG”) are the independent registered certified auditors of the Corporation.

**Unless the Shareholder has specifically instructed in the form of proxy or voting instruction form that the Common Shares represented by such proxy or voting instruction form are to be withheld or voted otherwise, the persons named in the proxy or voting instruction form will vote FOR the appointment of KPMG as auditors of the Corporation to hold office until the next annual meeting of Shareholders or until a successor is appointed and to authorize the Board of Directors to fix the remuneration of the auditors.**

## **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS**

National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“NI 52-110”) requires the Corporation, as a TSX Venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditors.

### **The Audit Committee’s Charter**

The Corporation’s Audit Committee is governed by an Audit Committee Charter, a copy of which is attached as Schedule “A” to this Circular.

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

As at the date of this Circular, the Corporation’s current Audit Committee is comprised of three existing directors: Mr. Christopher Hopkins (Chairperson), Mr. Michael Surratt, and Mr. Ashwath Mehra. All directors on the Audit Committee are “independent” and “financially literate,” as such terms are defined in NI 52-110.

The Audit Committee has been established to fulfil applicable reporting issuer obligations respecting audit committees and to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting. The Audit Committee’s responsibilities include, but are not limited to, overseeing the integrity of the Corporation’s financial statements and financial reporting process, including the audit process and the Corporation’s internal accounting controls and procedures and compliance with related legal and regulatory requirements, overseeing the qualifications and independence of the external auditors, overseeing the work of the Corporation’s financial management and external auditors in these areas, and providing an open avenue of communication between the external auditors, the Board and senior officers.

## **Relevant Education and Experience**

Each current Audit Committee member has the education and experience that is relevant to the performance of his responsibilities as an Audit Committee member. Their education and experience are set forth below:

(a) Christopher Hopkins

Mr. Hopkins has broad junior resource experience in the areas of corporate finance, capital markets, mergers and acquisitions, investor relations, financial and management reporting. He has a Bachelor of Commerce from the University of Toronto, and a Chartered Accountant designation and MBA from the Schulich School of Business at York University. He currently serves as the Chief Financial Officer of Relay Medical Corp. and as Chief Financial Officer of Central Timmins Exploration Corp. Mr. Hopkins is also the former President & CEO Takara Resources Inc. and the former Chief Financial Officer US Silver Corporation.

(b) Ashwath Mehra

Mr. Mehra is an economist by training and received his BSc (Econ) in Economics and Philosophy from the London School of Economics. He is the CEO of the ASTOR Group, a private investment and advisory business, working in the fields of Mining, Tech, Biotech and Real Estate. He spent many years in the commodity trading and mining business, owning buying and selling companies over 30 years and has substantial experience in the industry. He is a director of several companies, both public and private in both executive and non-executive roles. He also devotes significant time to non-profit activities in the fields of education and healthcare.

(c) Michael Surratt

Mr. Surratt is a geologist and holds a BSc Geology from Sul Ross State University in Texas. He was the former President, CEO and Director of Mercator Minerals Ltd. from 1998 till his retirement in 2011. He served as Vice President Operations and Director of Miramar Mining Corporation. Mr. Surratt also served as Vice President Operations for Santa Fe Gold and previously was Mine Manager for the Rabbit Creek Mine.

## **Audit Committee Oversight**

Since the commencement of the Corporation's most recently completed financial year, the Board has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

## **Reliance on Certain Exemptions**

Since the effective date of NI 52-110, the Corporation has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided by the auditors, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditors in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

## **Pre-Approval Policies and Procedures**

The Audit Committee must pre-approve any engagement of the external auditors for any non-audit services to the Corporation in accordance with applicable law and policies and procedures to be approved by the Board. The engagement of non-audit services will be considered by the Board on a case-by-case basis.

## External Auditor Service Fees (By Category)

In the following table, “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Corporation’s financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services if required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits. “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation. “Tax Fees” includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice may include assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities. “All Other Fees” are all other non-audit services.

The fees paid by the Corporation to its auditors in each of the last two fiscal years, by category, are as follows:

<u>Financial Year Ending</u>	<u>Audit Fees</u>	<u>Audit-Related<sup>(1)</sup> Fees</u>	<u>Tax Fees<sup>(2)</sup></u>	<u>All Other Fees</u>
December 31, 2018	C\$35,000	C\$1,350	Nil	Nil
December 31, 2017	C\$28,500	C\$2,565	C\$8,750	Nil

**Notes:**

- (1) Fees are for services in connection with the review of the Corporation’s unaudited condensed interim consolidated financial statements.
- (2) Fees are for tax advisory and compliance services.

## Exemption

The Corporation is relying on the exemption provided by section 6.1 of NI 52-110, which provides that the Corporation, as a TSX Venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## CORPORATE GOVERNANCE

### General

National Instrument 58-101 *Corporate Governance Practices* (“**NI 58-101**”) sets out required disclosure of corporate governance practices for a Corporation. Corporate governance refers to the policies and structure of the Board, whose members are elected by and are accountable to Shareholders of the Corporation. Corporate governance encourages establishing a reasonable degree of independence of the Board from executive management and the adoption of policies to ensure the Board recognizes the principles of good management. The Board is committed to sound corporate governance practices, as such practices are both in the interests of Shareholders and help to contribute to effective and efficient decision-making.

The Corporation is a “venture issuer” within the meaning of NI 58-101. A discussion of the Corporation’s governance practices within the context of NI 58-101 is set out below:

### Board of Directors

The Board is currently comprised of six directors. One of the directors is an executive officer of the Corporation, and the other five directors are not employees or officers of the Corporation and neither is any

of them a party, either directly or indirectly, to any material contract with the Corporation, and none of them receives remuneration from the Corporation in excess of directors' fees and grants of stock options and awards of Common Shares or have any business with the Corporation. The Board believes that there are no relationships of the five directors that would interfere with their independent judgment as directors of the Corporation and that all five directors are "independent directors" within the meaning of NI 58-101 and as such are free from any interest and any business or other relationship which could reasonably be perceived to materially interfere with their ability to act independently from management or to act as a director with a view to the best interests of the Corporation, other than interests and relationships arising from shareholdings. These directors are considered as "independent" as such term is defined under NI 52-110.

### **Directorships**

The following director is also a director of another reporting issuer, the details of which are as follows:

<b>Name of Director</b>	<b>Name of Reporting Issuer</b>
Ashwath Mehra	GT Gold Corp. (TSX-V) Fancamp Exploration Ltd. (TSX-V) RISE Life Science Corp. (formerly Luminor Medical Technologies Inc.) (TSX-V)
Mark Billings (nominee)	Auxico Resources Canada Inc. (CSE) St-Georges Eco-Mining Corp. (CSE) Fancamp Exploration Ltd. (TSX-V) Manganese X Energy Corp. (TSX-V) Kintavar Exploration Ltd. (TSX-V)

### **Orientation and Continuing Education**

The Corporation's Board Mandate and Corporate Governance Guidelines provide that the Chief Financial Officer ("CFO") of the Corporation is responsible for providing new directors with orientation material and for periodically providing materials for all directors on subjects relevant to their duties as directors. Director's orientation and ongoing training includes presentations by senior management to familiarize directors with the Corporation's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct and Ethics and other Corporation policies, its principal officers and its independent auditors.

### **Ethical Business Conduct**

The Board has found that the fiduciary duties placed on individual directors by the Corporation's 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, as well as a number of codes and policies adopted by the Board from time to time, have been sufficient to ensure that the Board operates ethically, independently of management and in the best interests of the Corporation.

In addition, the Board has instructed the Corporation to circulate the Corporation's Corporate Disclosure Policy, Insider Trading Policy, Whistleblower Policy and the Code of Business Conduct and Ethics to all directors, officers and employees of the Corporation.

## **Nomination of Directors**

The Corporate Governance, Compensation and Nomination Committee is responsible for identifying new candidates for Board nomination. It currently consists of three independent directors, namely: Mr. Christopher Hopkins, Mr. Victor Lazarovici and Mr. Ashwath Mehra, with Mr. Hopkins serving as Chairman.

With respect to its nominating function, the Corporate Governance, Compensation and Nomination Committee is to, amongst other things:

- establish, subject to approval by the full Board and review on an annual basis, criteria and personal qualifications to be used in making selections of candidates for the Board. Such criteria and qualifications may include business and financial experience and acumen, integrity, willingness to devote the necessary time and energy to fulfil the duties and responsibilities of a Director, independence and such other criteria and qualifications as the Corporate Governance, Compensation and Nomination Committee determines to be appropriate under the circumstances;
- identify individuals qualified as candidates to serve on the Board consistent with the criteria approved by the Board, for recommendation to the Board; and
- review the composition and performance of all Directors annually and recommend to the Board a slate of Directors for submission to the Shareholders at the Corporation's annual general meeting. Such slate may or may not include nominees who are current members of the Board.

The Board considers its size each year when it considers the number of directors to recommend to the Shareholders for election at the annual meeting of Shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Corporation maintains a directors' and officers' liability insurance policy. The policy provides coverage for costs incurred to defend and settle claims against directors and officers of the Corporation to an annual limit of C\$5,000,000 with a C\$100,000 deductible per claim. The annual cost of coverage for the current policy is C\$16,500. The Corporation also offers its directors and senior officer's indemnification against any liability that may be incurred by reason of his being or having been a director or officer. The indemnification, in compliance with the BCBCA, is intended to protect the indemnitees from corporate litigation risks. The Corporation concluded that to attract and retain competent and experienced individuals to serve as directors or officers of the Corporation, it was reasonable and prudent to document the indemnitees' right to indemnification for serving the Corporation.

## **Compensation**

Compensation of the directors and Chief Executive Officer of the Corporation (the "CEO") is reviewed on an annual basis by the Compensation, Governance and Nomination Committee, which makes recommendations to the Board.

The function of the Compensation, Governance and Nomination Committee in determining the CEO's compensation is to, amongst other things, annually:

- review and approve corporate goals and objectives relating to CEO compensation, evaluate the performance of the CEO in light of those goals and review and establish the CEO's annual compensation and incentive or equity plan participation levels and bases of participation. In determining the long-term incentive component of CEO compensation, the Compensation, Governance and Nomination Committee is to consider the Corporation's performance and relative Shareholder return, the values of similar incentive awards to chief executive officers at comparable companies and the awards given to

the CEO in past years;

- based upon input and recommendations from the CEO, review and approve on an annual basis the evaluation process and compensation structure for the Corporation's senior officers. The Corporate Governance, Compensation and Nomination Committee is to evaluate the performance of the Corporation's senior officers and approve the annual compensation, including salary, bonus, incentive and equity compensation, for such executive officers. The Corporate Governance, Compensation and Nomination Committee will also provide oversight of management's decisions concerning the performance and compensation of other Corporation employees; and
- based upon input and recommendations from the CEO, review the Corporation's incentive compensation and other stock-based plans and recommend changes in such plans to the Board of Directors as needed and to review and submit to the Board of Directors recommendations concerning new executive compensation or stock-based plans.

Details regarding the CEO and directors' compensation is described in the section "Executive Compensation" below.

### **Corporate Social Responsibility Committee**

The Board also has a Corporate Social Responsibility ("CSR") Committee and it is expected that following the Meeting the CSR will be comprised of two directors and one executive officer: Mr. Michael Surratt, Mr. Victor Lazarovici, and Mr. Mark Haywood, and chaired by Mr. Surratt. The Committee has been established to ensure that the Corporation's management has effective systems in place to address all aspects of the Corporation's Social, Safety, Health and Environmental responsibilities.

### **Assessment**

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its committees. This function is carried out by the Corporate Governance, Compensation and Nomination Committee.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

This Compensation Discussion and Analysis outlines the Corporation's compensation programs and the approach to the compensation provided to the President and CEO, and the Chief Financial Officer of the Corporation ("CFO"). These executive officers are referred to in this Compensation Discussion and Analysis as the "Named Executive Officers" ("NEOs").

This section discloses information with respect to all direct and indirect compensation awarded to, earned by, paid to, or payable to each director and NEO, in any capacity with respect to the Corporation, for, or in connection with, services they have provided to the Corporation or a subsidiary of the Corporation.

Financial information in this Executive Compensation section is, unless otherwise indicated, presented in Canadian dollars.

### ***Compensation Objectives and Elements***

The Corporation's compensation programs are broadly designed to achieve the following objectives:

- to employ, motivate and retain executive officers of sufficiently high calibre to achieve corporate

objectives; and

- to maintain the Corporation as a leader among its peer companies by a combination of exploration success, property development, strategic property acquisitions and working in cooperation with its strategic partner to advance its major project, thereby creating increasing value over time for Shareholders.

Therefore, the Corporation's compensation programs are aimed at increasing Shareholders' value over time while rewarding efforts to both individuals and teams in achieving the Corporation's objectives.

The overall level of compensation comprises the following three elements that are used by the Corporation to employ, motivate and retain its NEOs:

<b>Elements of Compensation</b>	<b>Objective</b>
Annual base salary / services fees	To provide a market related competitive base level of pay related to the executives' responsibilities.
Annual performance bonus (discretionary)	To reward the executives for extra effort and/or achievement of objectives.
Option grants (discretionary)	To bring the interests of executives and Shareholders into alignment and to retain the services of executives over time.

#### ***How Executive Compensation is Established***

In setting the total compensation package for the NEOs, the Corporate Governance, Compensation and Nomination Committee advises the Board as to what levels of compensation would be appropriate. In so doing, the Committee assists the Board in providing oversight relating to the compensation of the NEOs and other senior management. Specifically, the Corporate Governance, Compensation and Nomination Committee, in accordance with its written charter, has the following mandated duties and responsibilities amongst others relating to the remuneration and compensation of executives:

- review and approve corporate goals and objectives relating to the NEOs' compensation, evaluate the performance of the NEO in light of those goals and review and establish the NEOs' annual compensation;
- based upon input and recommendations from the CEO, to review and approve the evaluation process and compensation structure for the Corporation's senior officers. The Committee will evaluate the performance of the Corporation's senior officers and will approve the annual compensation of such executive officers;
- based upon input and recommendations from the CEO, to review the Corporation's incentive compensation and other stock-based plans and recommend changes in such plans to the Board of Directors as needed; and
- prepare and publish an annual Compensation, Governance and Nomination Committee Report for inclusion in the Corporation's Circular.

#### ***Risks Associated With Compensation Practices***

The Compensation, Governance and Nomination Committee and the Board of Directors endeavour to avoid risks which might arise from the Corporation's compensation practices in the following manner.

The Board of Directors would not approve levels and forms of compensation which in its opinion would

contribute to the undertaking of excessive risk in the pursuit of the Corporation's strategic objectives. In so doing the Board of Directors recognizes that by its nature undertaking mineral exploration and development has a high degree of inherent risk.

The Corporation endeavours to provide a competitive compensation structure which, while designed to instill an entrepreneurial culture within the Corporation, is tempered by the need to maintain risk levels within the risk appetite of the Corporation. In establishing levels and forms of compensation within the Corporation, compensation levels, forms of compensation and compensation policies prevailing amongst peer companies in the junior mining and exploration sector are reviewed for comparison purposes.

As a result, the Compensation, Governance and Nomination Committee and the Board of Directors are unaware of any material risks arising from the Corporation's compensation practices which would be reasonably likely to have a material adverse effect on the Corporation.

At present, the Board is satisfied that the current Board and executive officer compensation arrangements, being comprised of yearly or hourly fees, as appropriate, share purchase options for directors and salary, bonus and share purchase options for executive officers, adequately reflect the responsibilities and risks involved in being a director or an executive officer of the Corporation.

### ***Trading Restrictions***

The Corporation does not have a policy preventing an NEO or a director from engaging in the purchasing of financial instruments designed to offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director. Equity securities granted by the Corporation are stock options which are governed by the rules of the Option Plan (as hereinafter defined). Under the rules of Option Plan, the options granted cannot be assigned or transferred.

In accordance with current corporate practice, directors, NEO's and other employees of the Corporation who have access to undisclosed material information relating to the Corporation or its business, are subject to blackout periods during which they are prohibited from trading in securities of the Corporation, including the exercise of stock options. Trading by individuals subject to the blackout period should not commence until at least twenty-four hours after material information is disclosed by news release. The Corporation announces the beginning and end of each blackout period to the individuals concerned.

As an added precaution with respect to trading by directors, NEOs or employees, the Corporation's policy is that no trading in securities of the Corporation shall take place without first checking with the CEO or the CFO to see if a blackout period is in effect.

### **Compensation Governance**

The components of the directors' and executive officers' compensation are the same as those applied to the NEOs, namely annual base salary, annual performance bonus and option grants. The general compensation philosophy of the Corporation for directors and executive officers is to provide a level of compensation that is competitive within the North American marketplace and that will attract and retain individuals with the experience and qualifications necessary for the Corporation to be successful, and to provide long-term incentive compensation which aligns the interest of executives with those of the Shareholders and provide long-term incentives to members of senior management whose actions have a direct and identifiable impact on the performance of the Corporation and who have had a material responsibility for long-range strategy development and implementation.

### ***The Compensation, Governance and Nomination Committee***

The Corporation has established a Compensation, Governance and Nomination Committee consisting of Mr. Ashwath Mehra (Chair), Mr. Christopher Hopkins, and Mr. Victor Lazarovici, all of whom are

independent directors.

The role of the Compensation, Governance and Nomination Committee is primarily to administer the Option Plan, to make recommendations to the Board on the remuneration of senior officers and directors of the Corporation and to evaluate the CEO and CEO succession planning. A detailed description of the function of the Compensation, Governance and Nomination Committee is provided in “Executive Compensation - How Executive Compensation is Established” above.

In accordance with its charter, the Compensation, Governance and Nomination Committee reviewed and recommended to the Board the following items during 2018 and up to the date of this Circular:

- the salary levels of senior management;
- the level of bonus to be paid to senior management in relation to management performance;
- the level of share options to be granted to senior management;
- the level of incentive plan shares to be granted to directors; and
- the acceptance of this report of the Compensation, Governance and Nomination Committee.

### ***Independent Compensation Consultants***

The Compensation, Governance and Nomination Committee is authorized to engage external compensation advisors to assist the Committee in performing its mandated responsibilities.

Prior to the change in management and directors on June 17, 2013, the primary external basis of comparison of compensation paid was a review of executive compensation completed in 2010 by Lane Caputo Compensation Inc. of Calgary, Alberta. The methodology employed by Lane Caputo Compensation Inc. in comparing compensation practices for the senior executives with practices prevailing in similar companies in the junior mining exploration industry was to select a group of peer companies in similar stages of development, with a focus on base metals, operating in similar geographical regions and with similar market capitalization and compare compensation data for these reference companies to compensation levels in the Corporation. External compensation advisers were not retained during 2017 and 2018 and no fees were paid to them, in order to conserve working capital.

Salary levels of senior management in 2018, on an annualized basis, compared to those which prevailed in 2017, were as follows:

Executive	Title	Salary		
		2018	2017	Change
Joseph Ringwald <sup>(1)</sup>	President and CEO	\$194,213	\$117,713	\$76,500
Robert Suttie <sup>(2)</sup>	Chief Financial Officer	\$30,135	\$36,510	(\$6,375)

### **Notes:**

- (1) Mr. Ringwald was hired on January 1, 2011. On September 23, 2013, Mr. Ringwald was appointed Interim President and CEO, on a part time basis at a rate of \$150 per hour, and appointed President and CEO on August 25, 2015. Mr. Ringwald has resigned as the Corporation’s President and CEO on Aug. 21, 2019, subsequently to the end of the Financial Year ended December 31, 2018;
- (2) Mr. Suttie was appointed CFO on September 20, 2013, and is retained through an executive services agreement with Marrelli Support Services Inc. with fees of \$30,135 levied for the year ended December 31, 2018 (2017 - \$36,510).

## **Compensation Risk Considerations**

The Compensation, Governance and Nomination Committee is responsible for considering, establishing and reviewing executive compensation programs, and whether the programs encourage unnecessary or excessive risk taking. The Corporation believes the programs are balanced and do not motivate unnecessary or excessive risk taking. The Corporation does not currently have a policy that restricts directors or NEOs from purchasing financial instruments, including, for greater certainty, 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. However, to the knowledge of the Corporation, as of the date of hereof, no director or NEO of the Corporation has participated in the purchase of such financial instruments. Base salaries are fixed in amount thus do not encourage risk taking. While annual incentive awards focus on the achievement of short term or annual goals and short term goals may encourage the taking of short-term risks at the expense of long term results, the Corporation's annual incentive award program represents a small percentage of employee's compensation opportunities. Annual incentive awards are based on various personal and company-wide achievements. Such performance goals are subjective and include achieving individual and/or corporate targets and objectives, as well as general performance in day-to-day corporate activities which would trigger the award of a bonus payment to the NEO. The determination as to whether a target has been met is ultimately made by the Board (after receiving recommendations of the Compensation, Governance and Nomination Committee) and the Board reserves the right to make positive or negative adjustments to any bonus payment if they consider them to be appropriate. Funding of the annual incentive awards is capped at the company level and the distribution of funds to the executive officers is at the discretion of the Compensation Committee. Stock option awards are important to further align employees' interests with those of the Shareholders. The ultimate value of the awards is tied to the Corporation's stock price and since awards are staggered and subject to long-term vesting schedules, they help ensure that NEOs have significant value tied in long-term stock price performance.

## **Share-Based and Option-Based Awards**

At the annual general meeting held on June 28, 2011, Shareholders approved an equity incentive plan (the "**Equity Incentive Plan**") proposed by the Board, under which deferred share awards could be made. The Equity Incentive Plan was administered by the Compensation, Governance and Nomination Committee and allowed the Corporation to issue fully paid deferred Common Shares to employees, officers and directors in consideration of services rendered to the Corporation. Deferred shares were granted to independent directors prior to September 9, 2012 and no deferred Common Shares were granted to the NEOs or employees. The Board authorized the termination of the Equity Incentive Plan effective March 22, 2013. The Shareholders are being asked at the Meeting to approve re-instate a Restricted Stock Unit Incentive Plan. Please see section "Approval of Restricted Stock Unit Incentive Plan" hereof for greater details. The Corporation uses the same process to grant option-based award to executive officers and NEOs. This process is described under "Executive Compensation - How Executive Compensation is Established" above. There were no Options granted during financial year ended December 31, 2018.

## **NEO Summary Compensation Table**

The compensation paid to the NEOs during the Corporation's three most recently completed financial years is as set out below:

Name and Principal Position	Year Ended Dec 31	Salary (\$) <sup>(1)</sup>	Share-based Awards (\$) <sup>(2)</sup>	Option-based Awards (\$) <sup>(3)</sup>	Non-equity Incentive Plan Compensation (\$)		Pension Value (\$) <sup>(4)</sup>	All Other Compensation (\$)	Total Compensation (\$) <sup>(5)</sup>
					Annual Incentive Plans	Long-term Incentive Plans <sup>(3)</sup>			
Joseph Ringwald President and Chief Executive Officer <sup>(6)</sup>	2018	194,213	N/A	Nil	Nil	N/A	N/A	Nil	194,213
	2017	117,713	N/A	31,413	Nil	N/A	N/A	Nil	149,126
	2016	59,099	N/A	Nil	Nil	N/A	N/A	Nil	59,099
Robert D.B. Suttie Chief Financial Officer	2018	30,135	N/A	Nil	Nil	N/A	N/A	Nil	30,135
	2017	36,510	N/A	9,519	Nil	N/A	N/A	Nil	46,029
	2016	42,520	N/A	Nil	Nil	N/A	N/A	Nil	42,520

**Notes:**

- (1) Includes the dollar value of cash and non-cash base salary earned during the financial year covered.
- (2) The Board authorized the termination of the Equity Incentive Plan effective March 22, 2013. Shareholders are being asked at the Meeting to approve adoption on the new restricted stock unit incentive plan of the Corporation. For details see section titled "Approval of Restricted Stock Unit Incentive Plan hereof.
- (3) The Corporation does not have a non-equity long-term incentive plan.
- (4) The Corporation does not provide pension benefits to its NEOs.
- (5) These amounts include all amounts for each NEO.
- (6) Mr. Ringwald has resigned as the Corporation's President and CEO on Aug. 21, 2019, subsequently to the end of the Financial Year ended December 31, 2018.

**NEO Incentive Plan Awards**

***Outstanding Share-based Awards and Option-based Awards***

The following table sets out all share-based awards and option-based awards outstanding as at December 31, 2018, for each NEO, including awards granted before the most recently completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that have not vested (#)	Market or Payout Value of Share-based Awards that have not vested (\$)	Market or Payout Value of Vested Share-based Awards not paid out or distributed (\$)
Joseph Ringwald - President & Chief Executive Officer <sup>(2)</sup>	33,000 33,000	\$2.01 \$1.10	Feb 19, 2020 Jul 13, 2022	N/A N/A	N/A	N/A	N/A
Robert D.B. Suttie – Chief Financial Officer	33,000 10,000	\$2.01 \$1.10	Feb 19, 2020 Jul 13, 2022	N/A N/A	N/A	N/A	N/A

**Note:**

- (1) Aggregate dollar amount of in-the-money unexercised options held as at December 31, 2018. This figure is computed based on the difference between the market value of the Common Shares on the TSX Venture Exchange as at December 31, 2018 and the exercise price of the option. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2018 was \$0.56.
- (2) Mr. Ringwald has resigned as the Corporation's President and CEO on Aug. 21, 2019, subsequently to the end of the Financial Year ended December 31, 2018.

***Incentive Plan Awards - Value Vested or Earned During the Year***

The following table sets out the value of all share-based awards and option-based awards vested or earned during the year December 31, 2018, for each NEO:

Name	Option-based Awards - Value Vested During the Year (\$) <sup>(1)</sup>	Share-based Awards - Value Vested During the Year (\$)	Non-equity Incentive Plan Compensation - Value Earned During the Year (\$)
Joseph Ringwald <sup>(2)</sup> President and Chief Executive Officer	8,250	N/A	N/A
Robert D.B. Suttie Chief Financial Officer	2,500	N/A	N/A

**Note:**

- (1) Aggregate dollar value that would have been realized if the options had been exercised on the vesting date (computed based on the difference between the market price of the Common Shares at exercise and the exercise price of the options on the vesting date).

- (2) Mr. Ringwald has resigned as the Corporation's President and CEO on Aug. 21, 2019, subsequently to the end of the Financial Year ended December 31, 2018.

### **Pension Plan Benefits**

The Corporation has no pension plan benefits (including defined benefit plan, defined contribution plan or deferred compensation plan) for its officers, employees or directors.

### **Termination and Change of Control Benefits**

The Corporation has no contracts, agreements, plans or arrangements that provide for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Corporation or a change in an NEO's responsibilities.

## **DIRECTOR COMPENSATION**

Directors' compensation is set at a level to be competitive with comparable companies in industry taking into account the amount of work required from each director in discharging his duties as Chairman of the Corporation, director, board committee member or chairman of a board committee.

### **Board of Directors**

Directors were paid a flat annual stipend of \$25,000 per director. Additional fees are not paid for serving on committees.

#### Audit Committee

Christopher Hopkins (Chair)  
Michael Surratt  
Louis Montpellier

#### Governance, Compensation & Nomination Committee

Louis Montpellier (Chair)  
Christopher Hopkins  
Victor Lazarovici

#### Environmental, Health & Safety Committee

Michael Surratt (Chair)  
Victor Lazarovici  
Joseph Ringwald <sup>(1)</sup>

Note:

- (1) Mr. Ringwald has resigned as the Corporation's President and CEO on Aug. 21, 2019, subsequently to the end of the Financial Year ended December 31, 2018.

In addition, directors who serve on an ad hoc committee formed for a specific purpose and to be dissolved when the specific purpose has been achieved or the committee is no longer required, may receive an additional fee established by the Compensation, Governance & Nomination Committee.

### **Director Compensation Table**

The compensation provided to the directors, for the Corporation's most recently completed financial year of December 31, 2018, is as set out below:

Name	Fees Earned <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Option-Based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Pension Value (\$) <sup>(3)</sup>	All Other Compensation (\$)	Total (\$)
Victor Lazarovici	25,000	Nil	Nil	Nil	Nil	Nil	25,000
Louis Montpellier	25,000	Nil	Nil	Nil	Nil	Nil	25,000
Christopher Hopkins	25,000	Nil	Nil	Nil	Nil	Nil	25,000
Michael Surratt	25,000	Nil	Nil	Nil	Nil	Nil	25,000

**Notes:**

- (1) Includes all fees awarded, earned, paid or payable in cash for services as a director, including annual retainer fees, committee, chair, and meeting fees.
- (2) The Board authorized the termination of the Equity Incentive Plan effective March 22, 2013, and the Corporation does not have a plan for share-based awards in place as at the date of this Circular. At the Meeting the Shareholders will be asked to approve re-instatement of the Corporation's Restricted Stock Unit Incentive Plan. For greater detail please see section titled "Approval of Restricted Stock Unit Incentive Plan" hereof.
- (3) The Corporation does not provide pension benefits to its directors.

**Share-Based Awards, Option-Based Awards and Non-Equity Incentive Plan Compensation**

The following table sets forth particulars of all awards outstanding for each director who is not a NEO of the Corporation as at the end of the financial year ended December 31, 2018, including awards granted before the most recently completed financial year:

Name	Option-based Awards				Share-based Awards		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(1)</sup>	Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-based Awards that Have Not Vested (\$)	Market or Payout Value of Vested Share-based Awards Not Paid out or Distributed (\$)
Victor Lazarovici	33,000 33,000	1.10 2.01	Jul 13, 2022 Feb 19, 2020	Nil Nil	Nil	Nil	Nil
Christopher Hopkins	33,000	1.10	Jul 13, 2022	Nil	Nil	Nil	Nil
Louis Montpellier	33,000 33,000	1.10 1.35	Jul 13, 2022 Aug 25, 2020	Nil Nil	Nil	Nil	Nil
Michael Surratt	33,000	1.10	Jul 13, 2022	Nil	Nil	Nil	Nil

**Note:**

- (1) Aggregate dollar amount of in-the-money unexercised options held as at December 31, 2018. This figure is computed based on the difference between the market value of the Common Shares on the TSX Venture Exchange as at December 31, 2018 and the exercise price of the option. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2018 was \$0.56.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The Corporation has an option plan which was initially approved by the Shareholders on May 12, 2008. Subsequent amendments were approved by the Board and Shareholders. Shareholders approved the last amendment on September 14, 2018. For further disclosure on the Option Plan, see “Continuation of the Stock Option Plan”.

The following table sets out equity compensation plan information as at the Corporation’s financial year end of December 31, 2018:

### Equity Compensation Plan Information

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 security holders <sup>(1)</sup>	339,000	\$1.40	187,604
Equity compensation plans not approved by security holders	Nil	Nil	Nil
Total	339,000	\$1.40	187,604

**Note:**

(1) An aggregate of 10% of the Corporation's issued Common Shares is available on a rolling basis for grants of options under the Option Plan.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No current or former director, executive officer or employee, or any proposed management nominee for election as a director of the Corporation, nor any of their respective associates or affiliates, is, or has been at any time since the beginning of the last completed financial year of the Corporation, indebted to the Corporation or any of its subsidiary, nor has any such person been indebted to any other entity where such indebtedness is a subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Circular “informed person” means:

- (a) a director or executive officer of the Corporation;
- (b) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Corporation;
- (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both carrying more than 10% of the voting rights

attached to all outstanding voting securities of the Corporation other than voting securities held by the person or company as underwriter in the course of a distribution; and

- (d) the Corporation, if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Other than as set out in this Circular, no informed person, no proposed director of the Corporation and no associate or affiliate of any such informed person or proposed director, has any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

### **MANAGEMENT CONTRACTS**

Except as set out herein, there are no management functions of the Corporation or any of its subsidiaries, which are to any substantial degree performed by a person or company other than the directors or executive officers of the Corporation or its subsidiary.

### **ADDITIONAL INFORMATION**

Additional information concerning the Corporation is available online at [www.sedar.com](http://www.sedar.com). Financial information concerning the Corporation is provided in the Corporation's comparative financial statements and auditors' report thereon, and Management's Discussion & Analysis for the financial year ended December 31, 2018. Copies of these documents may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) under the Corporation's profile and upon request from the Corporation at the above noted address and contact numbers on the first page of this Circular, attention Mr. Mark Haywood. Copies of documents may be obtained free of charge by Shareholders of the Corporation.

### **OTHER MATTERS**

The Board is not aware of any other matters which it anticipates will come before the Meeting as of the date of mailing of this Circular.

The contents of this Circular and its distribution to Shareholders have been approved by the Board of the Corporation.

**DATED** this 23<sup>rd</sup> day of September, 2019, at Toronto, Ontario.

**BY ORDER OF THE BOARD OF DIRECTORS OF  
SCOZINC MINING LTD.**

*"Mark Haywood"*  
Mark Haywood  
President & Chief Executive Officer

## Schedule “A”

### AUDIT COMMITTEE CHARTER

#### Role and Objective

The Audit Committee (the “Committee”) is a committee of the board of directors (the “Board”) of ScoZinc Mining Ltd. (“ScoZinc” or the “Corporation”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:

1. To assist directors to meet their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. To provide better communication between directors and external auditors;
3. To enhance the external auditor’s independence;
4. To increase the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside directors by facilitating in-depth discussions between directors on the Committee, management and external auditors.

#### Membership of Committee

1. Provided the Corporation is not a Venture Issuer, the Committee shall be comprised of at least three (3) directors of the Corporation, none of whom are members of management of the Corporation and all of whom are “unrelated directors” (as such term is used in the Report of the Toronto Stock Exchange on Corporate Governance in Canada) and “independent” (as such term is used in National Instrument 52-110 — Audit Committees (“NI 52-110”).
2. Unless otherwise designated by the Board, the members of the Committee shall elect a Chairman from among the members and the Chair shall preside at all meetings of the Committee.
3. Provided the Corporation is not a Venture Issuer, all of the members of the Committee shall be “financially literate.” The Board has adopted the definition for “financial literacy” used in NI 52-110.

#### Mandate and Responsibilities of Committee

1. It is the responsibility of the Committee to oversee the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting.
2. It is the responsibility of the Committee to satisfy itself on behalf of the Board with respect to the adequacy of the Corporation’s Internal Control Systems for:
  - identifying, monitoring and mitigating business risks; and
  - ensuring compliance with legal, ethical and regulatory requirements.

3. It is a primary responsibility of the Committee to review the annual and interim financial statements of the Corporation and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:
  - reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
  - reviewing significant accruals, reserves or other estimates such as the ceiling test calculation;
  - reviewing any "related party" transactions, with related party having the meaning ascribed to it by Canadian securities regulations;
  - reviewing accounting treatment of unusual or non-recurring transactions;
  - ascertaining compliance with covenants under loan agreements;
  - reviewing disclosure requirements for commitments and contingencies;
  - reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
  - reviewing unresolved differences between management and the external auditors; and
  - obtaining explanations of significant variances with comparative reporting periods.
4. The Committee is to review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure documents containing audited or unaudited financial information (including, without limitation, any press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of the Corporation's disclosure of all other financial information and shall periodically assess the accuracy of those procedures.
5. With respect to the appointment of external auditors by the Board, the Committee shall:
  - recommend to the Board the appointment of the external auditors;
  - recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall communicate directly to the Committee;
  - on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
  - when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
  - review and approve any non-audit services to be provided to the Corporation or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more members the authority to approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such preapproval and the member comply with such other procedures as may be established by the Committee from time to time.
6. Review with external auditors (and internal auditor if one is appointed by the Corporation) their assessment of the internal controls of the Corporation, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their audit plan and, upon completion of the audit, their reports upon the financial statements of the Corporation and its subsidiaries.
7. The Committee shall review risk management policies and procedures of the Corporation (i.e., hedging, litigation and insurance).

8. The Committee shall establish a procedure for:
  - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
  - the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
9. The Committee may engage independent counsel and other advisors as it determines necessary to carry out its duties. The Committee has the authority to set, and have the Corporation pay, the compensation for any advisors engaged by the Committee. The Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditors of the Corporation.
10. The Committee shall have the authority to investigate any financial activity of the Corporation. All employees of the Corporation are to cooperate as requested by the Committee.
11. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at the expense of the Corporation without any further approval of the Board.

#### **Meetings and Administrative Matters**

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall not be entitled to a second or casting vote.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Committee or the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee shall be taken. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.
5. The Committee shall meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of the Corporation as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not

members of the Committee or otherwise made available at a subsequent meeting of the Board.

9. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.
10. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

**Schedule “B”**

**STOCK OPTION PLAN**

**SCOZINC MINING LTD.**

**(the “Corporation”)**

**1. INTERPRETATION**

**1.1 Defined Terms** - For the purposes of this Plan, the following terms shall have the following meanings:

- (a) **“Associate”** shall have the meaning ascribed to such term in the *British Columbia Securities Act*, as amended from time to time;
- (b) **“Blackout Period”** means a period during which an Eligible Person is restricted from trading in securities of the Corporation pursuant to the terms of Section 3.5 of the Corporation's Corporate Disclosure Policy;
- (c) **“Board”** means the Board of Directors of the Corporation;
- (d) **“Change in Control”** means:
  - (i) a takeover bid (as defined in the *British Columbia Securities Act*), which is successful in acquiring Shares of the Corporation;
  - (ii) the change of control of the Board resulting from the election by the members of the Corporation of less than a majority of the persons nominated for election by management of the Corporation;
  - (iii) the sale of all or substantially all the assets of the Corporation;
  - (iv) the sale, exchange or other disposition of a majority of the outstanding Shares of the Corporation in a single or series of related transactions;
  - (v) the dissolution of the Corporation's business or the liquidation of its assets;
  - (vi) a merger, amalgamation or arrangement of the Corporation in a transaction or series of transactions in which the Corporation's shareholders receive less than 51 % of the outstanding shares of the new or continuing Corporation; or

- (vii) the acquisition, directly or indirectly, through one transaction or a series of transactions, by any Person, of an aggregate of more than 50% of the outstanding Shares.
- (e) **“Committee”** means a committee of the Board appointed in accordance with this Plan, or if no such committee is appointed, the Board itself;
- (f) **“Consultant”** means an individual or Consultant Company, other than an Employee or director of the Corporation, that:
  - (i) is engaged to provide on a bona fide basis, consulting, technical, management or other services to the Corporation or a Related Company, other than services provided in relation to a distribution;
  - (ii) provides the services under a written contract between the Corporation or a Related Company and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or a Related Company; and
  - (iv) has a relationship with the Corporation or a Related Company that enables the individual to be knowledgeable about the business and affairs of the Corporation.
- (g) **“Consultant Company”** means for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (h) **“Corporation”** means ScoZinc Mining Ltd., a company incorporated under the laws of British Columbia;
- (i) **“Date of Grant”** means the date on which a grant of an Option is effective;
- (j) **“Disability”** means a medically determinable physical or mental impairment expected to last for a continuous period of not less than 12 months which causes an individual to be unable to engage in any substantial gainful activity;
- (k) **“Disinterested Shareholder Approval”** means an ordinary resolution approved by a majority of the votes cast by all shareholders of the Corporation at a shareholders' meeting, excluding votes attaching to the Shares beneficially owned by Insiders to whom Options may be issued under the Plan and Associates of those persons;

- (l) **“Effective Date”** means the effective date of this Plan, which is the day of its approval by the shareholders of the Corporation;
- (m) **“Eligible Persons”** means:
  - (i) an Employee, senior officer or director of the Corporation or any Related Company,
  - (ii) a Management Company Employee;
  - (iii) a Consultant or a Consultant Company, or
  - (iv) an issuer, all of the voting securities of which are beneficially owned by one or more of the persons referred to in (i) above.
- (n) **“Employee”** means:
  - (i) an individual who is considered an employee under the Income Tax Act (i.e. for whom income tax, employment insurance and CPP deductions must be made at source);
  - (ii) an individual who works full-time for the Corporation or a Related Company, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Related Company over the details and methods of work as an employee of the Corporation or a Related Company, but for whom income tax deductions are not made at source;
  - (iii) an individual who works for the Corporation or Related Company, on a continuing and regular basis for a minimum amount of time per week, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or a Related Company over the details and methods of work as an employee of the Corporation or Related Company, but for whom income tax deductions are not made at source.
- (o) **“Exchange Act”** means the United States Securities Exchange Act of 1934, as amended;
- (p) **“Fair Market Value”** means where the Shares are listed for trading on a stock exchange or over the counter market, the last closing price of the Shares before the Date of Grant on the stock exchange or over the counter market which is the principal trading market for the Shares, as may be determined for such purpose by the Committee, provided that, so long as the Shares are listed only on the TSX

Venture Exchange the “fair market value” shall not be lower than the last closing price of the Shares before the Date of Grant less the maximum discount, if any, permitted under the policies of the TSX Venture Exchange;

- (q) **“Former Plan”** means any stock option plan previously adopted by the Corporation;
- (r) **“Guardian”** means the guardian, if any, appointed for an Optionee;
- (s) **“Insider”** shall have the meaning ascribed to such term in the British Columbia Securities Act, as amended from time to time;
- (t) **“Investor Relations Activities”** means any activities or oral written communications, by or on behalf of the Corporation or shareholder of the Corporation, that promote or reasonably could be expected to promote the purchase or sale of securities of the Corporation, but does not include:
  - (i) the dissemination of information provided, or records prepared, in the ordinary course of business of the Corporation:
    - (A) to promote the sale of products or services of the Corporation; or
    - (B) to raise public awareness of the Corporation.

that cannot reasonably be considered to promote the purchase or sale of securities of the Corporation.

- (ii) activities or communications necessary to comply with the requirements of:
  - (A) applicable securities laws; and
  - (B) rules and policies of the TSX Venture Exchange or the by-laws, rules or other regulatory instruments of any other self-regulatory body or exchange having jurisdiction over the Corporation.
- (iii) communications by a publisher of, or writer for, a newspaper, magazine or business or financial publication, that is of general and regular paid circulation, distributed only to subscribers to it for value or to purchasers of it, if:
  - (A) the communication is only through the newspaper, magazine or publication; and

- (B) the publisher or writer receives no commission or other consideration other than for acting in the capacity of publisher or writer.
- (iv) activities or communications that may be otherwise specified by the TSX Venture Exchange.
- (u) **“Management Company Employee”** means an individual employed by a Person providing management services to the Corporation, including if the individual is not induced to purchase by expectation of employment or continued employment with either the Corporation or the Person providing the management services, which management services are required for the ongoing successful operation of the business enterprise of the Corporation but excluding a person or company engaged in Investor Relations Activities;
- (v) **“Option”** means an option to purchase Shares granted pursuant to the terms of this Plan;
- (w) **“Option Price”** means the exercise per Share for an Option which shall be expressed in Canadian funds or in the United States dollar equivalent thereof;
- (x) **“Optionee”** means a person to whom an Option has been granted;
- (y) **“Person”** means a natural person, company, government, or political subdivision or agency of a government; and where two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such syndicate or group shall be deemed to be a Person;
- (z) **“Plan”** means this Stock Option Plan of the Corporation;
- (aa) **“Qualified Successor”** means a person who is entitled to ownership of an Option upon the death of an Optionee, pursuant to a will or the applicable laws of descent and distribution upon death;
- (bb) **“Related Company”** shall mean a company which is an affiliate of the Corporation as the term “affiliate” is defined in Section I (2) of the British Columbia Securities Act, as amended from time to time;
- (cc) **“Service Provider”** means a Person who is a bona fide director, Employee, Management Company Employee, Consultant or Consultant Company, and also includes a company, 100% of the share capital of which is beneficially owned by one or more Service Providers;
- (dd) **“Shares”** means the common shares in the capital of the Corporation;
- (ee) **“Stock Option Certificate”** means a written certificate from the Corporation to an Optionee, specifying the terms of the Option being granted to the Optionee under the Plan; and

(ff) “**Term**” means the period of time during which an Option may be exercised.

## **2. STATEMENT OF PURPOSE**

**2.1 Principal Purposes** - The principal purposes of the Plan are to provide the Corporation with the advantages of the incentive inherent in share ownership on the part of employees, officers, directors, and consultants responsible for the continued success of the Corporation; to create in such individuals a proprietary interest in, and a greater concern for, the welfare and success of the Corporation; to encourage such individuals to remain with the Corporation; and to attract new employees, officers, directors and consultants to the Corporation.

**2.2 Benefit to Shareholders** - The Plan is expected to benefit shareholders by enabling the Corporation to attract and retain personnel of the highest caliber by offering such personnel an opportunity to share in any increase in value of the Shares resulting from their efforts.

## **3. ADMINISTRATION**

**3.1 Board or Committee** - The Plan shall be administered by the Board or by a Committee appointed in accordance with Section 3.2 below.

**3.2 Appointment of Committee** - The Board may at any time appoint a Committee, consisting of not less than three of its members, to administer the Plan on behalf of the Board in accordance with such terms and conditions as the Board may prescribe, consistent with this Plan. Once appointed, the Committee shall continue to serve until otherwise directed by the Board. From time to time, the Board may increase the size of the Committee and appoint additional members, remove members (with or without cause) and appoint new members in their place, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan. In the absence of the appointment of a Committee by the Board, then the Board shall administer the Plan.

**3.3 Quorum and Voting** - A majority of the members of the Committee shall constitute a quorum, and, subject to the limitations in this Part 3, all actions of the Committee shall require the affirmative vote of members who constitute a majority of such quorum. No member of the Committee who is a director to whom an Option may be granted may participate in the decision to grant such Option (but any such member may be counted in determining the existence of a quorum at any meeting of the Committee in which action is taken with respect to the granting of an Option to him).

**3.4 Powers of Committee** - Any Committee appointed under Section 3.2 above shall have the authority to review the following matters in relation to the Plan and to make recommendations thereon to the Board:

- (a) administration of the Plan in accordance with its terms;
- (b) determination of all questions arising in connection with the administration, interpretation, and application of the Plan, including all questions relating to the value of the Shares;
- (c) correction of any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
- (d) prescription, amendment and rescission of the rules and regulations relating to the administration of the Plan;
- (e) determination of the duration and purpose of leaves of absence from employment which may be granted to Optionees without constituting a termination of employment for purposes of the Plan;
- (f) with respect to the granting of Options:
  - (i) determination of the Eligible Persons to whom Options shall be granted, based on the eligibility criteria set out in this Plan,
  - (ii) determination of the terms and provisions of the Stock Option Certificate which shall be entered into with each Optionee (which need not be identical with the terms of any other Stock Option Certificate),
  - (iii) amendment of the terms and provisions of an Stock Option Certificate, provided the Board obtains:
    - (A) the consent of the Optionee; and
    - (B) the approval of any stock exchange on which the Corporation is listed,
  - (iv) determination of when Options shall be granted,
  - (v) determination of the number of Shares subject to each Option, and, where applicable, whether or not to grant Options for the issuance of flow-through Shares,
  - (vi) determination of the vesting schedule, if any, for the exercise of such Option, and
- (g) other determinations necessary or advisable for administration of the Plan.

**3.5 Obtain Approvals** - The Board will obtain any regulatory or shareholder approvals which may be required pursuant to applicable securities laws or the rules of any stock exchange or over the counter market on which the Shares are listed.

**3.6 Administration by Committee** - The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan. In addition, the Committee's administration of the Plan shall in all respects be consistent with the policies and rules of any stock exchange or over the counter market on which the Shares are listed.

#### **4. ELIGIBILITY**

**4.1 Eligibility for Options** - Options may be granted to any Eligible Person. In accordance with the policies of the TSX Venture Exchange in effect as at the date of establishment of the Plan by the Board, the grant of Options under the Plan is subject to the following limitations:

- (a) the Options granted under the Plan shall not result at any time in:
  - i. The number of Shares reserved for issuance pursuant to Options granted to Insiders exceeding 10% of the issued and outstanding Shares; or
  - ii. The grant to Insiders within a 12-month period, of a number of Options exceeding 10% of the Shares,

unless the Corporation has obtained Disinterested Shareholder Approval in connection therewith:

- (b) the aggregate number of Shares reserved for issuance pursuant to the Plan, shall not exceed 5% of the issued Shares (determined at the Date of Grant of an Option) to any one Eligible Person in a 12 month period, unless the Corporation has obtained the requisite Disinterested Shareholder Approval;
- (c) the aggregate number of Options which may be granted to any one Consultant in any 12 month period shall not exceed 2% of the issued Shares at the Date of Grant of the Option to such Consultant; and
- (d) the aggregate number of Options which may be granted to persons employed to provide Investor Relations Activities shall not exceed 2% of the issued Shares at the Date of Grant of such Option.

**4.2 Insider Eligibility for Options** - Notwithstanding Section 4.1 hereof, grants of Options to Insiders shall be subject to the policies of the TSX Venture Exchange.

**4.3 No Violation of Securities Laws** - No Option shall be granted to any Optionee unless the Committee has determined that the grant of such Option and the exercise thereof by the Optionee will not violate the securities law of the jurisdiction in which the Optionee resides.

## **5. SHARES SUBJECT TO THE PLAN**

**5.1 Number of Shares** - The maximum number of Shares issuable under the Plan is that number which is equal to 10% of the issued Shares on a non-diluted basis as at the Date of Grant of any Option, on a rolling basis, less the number of Shares that have been allocated to any other share compensation arrangement of the Corporation. The Committee, from time to time, may grant Options to purchase Shares under the Plan to be made available from authorized, but unissued, Shares. The maximum number of Shares issuable under the Plan shall be adjusted, where necessary, to take account of the events referred to in Part 10 hereof.

**5.2 Expiry of Option** - If an Option expires or terminates for any reason without having been exercised in full, the unpurchased Shares subject thereto shall again be available for the purposes of the Plan.

**5.3 Reservation of Shares** - The Corporation will at all times reserve for issuance and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan.

## **6. OPTION TERMS**

**6.1 Stock Option Certificate** - With respect to each Option to be granted to an Optionee, the Board shall specify the following terms in the Stock Option Certificate issued by the Corporation to the Optionee:

- (a) the number of Shares subject to option pursuant to such Option;
- (b) the Date of Grant;
- (c) the Term, provided that the length of the Term shall in no event be greater than ten years following the Date of Grant;
- (d) the Option Price, provided that the Option Price shall not be less than the Fair Market Value of the Shares on the Date of Grant;
- (e) subject to Section 6.2 below, any vesting schedule upon which the exercise of an Option is contingent;
- (f) if the Optionee is an Employee, Consultant or Management Company Employee, a representation by the Corporation and the Optionee that the Optionee is a bona fide

Employee, Consultant or Management Company Employee, as the case may be, of the Corporation or a Related Company; and

- (g) such other terms and conditions as the Committee deems advisable and are consistent with the purposes of this Plan.

**6.2 Vesting of Options** - The Board, as applicable, shall have complete discretion to set the terms of any vesting schedule for each Option granted, including, without limitation, discretion to:

- (a) permit partial vesting in stated percentage amounts based on the Term of such Option; and
- (b) permit full vesting after a stated period of time has passed from the Date of Grant;

provided that, with respect to Options issued to Consultants performing Investor Relations Activities, such Options must vest in stages of no less than over a 12 month period from the Date of Grant with no more than one quarter of the Options vesting in any three month period.

**6.3 Amendments to Options** - Amendments to the terms of previously granted Options are subject to regulatory approval, if required. If required by the TSX Venture Exchange, Disinterested Shareholder Approval shall be required for any reduction in the Option Price of a previously granted Option if the Optionee is an Insider of the Corporation at the time of the proposed reduction in the Option Price.

**6.4 Uniformity** - Except as expressly provided herein, nothing contained in this Plan shall require that the terms and conditions of Options granted under the Plan be uniform.

## **7. EXERCISE OF OPTION**

**7.1 Method of Exercise** - Subject to any limitations or conditions imposed upon an Optionee pursuant to the Stock Option Certificate or Part 6 hereof, an Optionee may exercise an Option by giving written notice thereof to the Corporation at its principal place of business.

**7.2 Compliance with U.S. Securities Laws** - As a condition to the exercise of an Option, the Board or Committee may require the Optionee to represent and warrant in writing at the time of such exercise that the Shares are being purchased only for investment and without any then-present intention to sell or distribute such Shares. At the option of the Board or Committee, a stop-transfer order against such Shares may be placed on the stock books and records of the Corporation, and a legend indicating that the stock may not be pledged, sold or otherwise transferred unless an opinion of counsel is provided stating that such transfer is not in violation of any applicable law or regulation, may be stamped on the certificates representing such Shares in order to assure an exemption from registration. The Board or Committee also may require such other documentation as may from time to time be necessary to comply with

United States' federal and state securities laws. The Corporation has no obligation to undertake registration of Options or the Shares issuable upon the exercise of the Options.

**7.3 Payment of Option Price** - The notice described in Section 7.1 shall be accompanied by full payment of the aggregate Option Price to the extent the Option is so exercised. Such payment shall be in lawful money (Canadian funds) by cheque, wire transfer or bank order.

**7.4 Issuance of Share Certificates** - Not later than the third business day after exercise of an Option in accordance with Sections 7.1 and 7.3 hereof, the Corporation shall issue and deliver to the Optionee a certificate or certificates evidencing the Shares with respect to which the Option has been exercised. Until the issuance of such certificate or certificates, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the certificate is issued, except as provided by Part 10 hereof.

**7.5 Tax Withholding and Procedures** - Notwithstanding anything else contained in this Plan, the Corporation may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Optionee who wishes to exercise an Option must, in addition to following the procedures set out in this Part 7 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Corporation for the amount determined by the Corporation to be the appropriate amount on account of such taxes or related amounts; or
- (b) otherwise ensure, in a manner acceptable to the Corporation (if at all) in its sole and unfettered discretion, that the amount will be securely funded;

and must in all other respects follow any related procedures and conditions imposed by the Corporation.

## **8. TRANSFERABILITY OF OPTIONS**

**8.1 Non-Transferable** - Except as provided otherwise in this Part 8, Options are non-assignable and non-transferable.

**8.2 Death of Optionee** - Subject to Section 8.3, if the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Corporation or any Related Company, or the employment of an Optionee as a Management Company Employee, or the position of the Optionee as a director or senior officer of the Corporation or any Related

Company, terminates as a result of his or her death, any Options held by such Optionee shall pass to the Qualified Successor of the Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of one year following the date of such death and the expiry of the Term of the Option.

**8.3 Disability of Optionee** - If the employment of an Optionee as an Employee of, or the services of a Consultant providing services to, the Corporation or any Related Company, or the employment of an Optionee as a Management Company Employee, or the position of the Optionee as a director or senior officer of the Corporation or any Related Company, is terminated by reason of such Optionee's Disability, any Option held by such Optionee that could have been exercised immediately prior to such termination of service shall be exercisable by such Optionee, or by his Guardian, for a period of 90 days following the termination of service of such Optionee except where the Optionee is engaged in Investor Relations Activities, in which case it shall be for a period of 30 days following the termination of service of such Optionee providing Investor Relations Activities. If such Optionee dies within that 90 or 30 day period (as applicable), any Option held by such Optionee that could have been exercised immediately prior to his or her death shall pass to the Qualified Successor of such Optionee, and shall be exercisable by the Qualified Successor until the earlier of a period of one year following the death of such Optionee and the expiry of the Term of the Option.

**8.4 Vesting** - Options held by a Qualified Successor or exercisable by a Guardian shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

**8.5 Deemed Non-Interruption of Employment** - Employment shall be deemed to continue intact during any military or sick leave or other bona fide leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Optionee's right to reemployment with the Corporation or any Related Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Optionee's reemployment is not so guaranteed, then his or her employment shall be deemed to have terminated on the ninety-first day of such leave.

## **9. TERMINATION OF OPTIONS**

**9.1 Termination of Options** - To the extent not earlier exercised or terminated in accordance with section 8 above, an Option shall terminate at the earliest of the following dates:

- (a) subject to Section 10.7, the termination date specified for such Option in the Stock Option Certificate;

- (b) where the Optionee's position as an Employee, a Consultant, a Director or a senior officer of the Corporation or any Related Company or as a Management Company Employee is terminated for just cause, the date of such termination for just cause;
- (c) an Option granted to any Optionee will automatically expire 90 days after the date the Optionee ceases to be a Director, Employee, Consult, or Service provider to the Corporation; and
- (d) the date of any sale, transfer, assignment or hypothecation, or any attempted sale, transfer, assignment or hypothecation, of such Option in violation of Section 8.1 above.

**9.2 Lapsed or Cancelled Options** - If Options are cancelled, surrendered, terminated or have expired without being exercised in whole or in part, new Options may be granted under the Plan covering the Shares not purchased under such lapsed Options. If an Option has been cancelled and, within one year, the Corporation grants a new Option to the same Optionee, the granting of the new Option is subject to the terms and conditions of the policies of the TSX Venture Exchange relating to the amendment of stock options.

## **10. ADJUSTMENTS TO OPTIONS**

**10.1 Alteration in Capital Structure** - If there is any change in the Shares through or by means of a declaration of stock dividends of the Shares or consolidations, subdivisions or reclassifications of the Shares, or otherwise, the number of Shares available under the Plan, the Shares subject to any Option and the Option Price therefor shall be adjusted proportionately by the Board and, if required, approved by the TSX Venture Exchange or any other stock exchange having authority over the Corporation or the Plan, and such adjustment shall be effective and binding for all purposes of the Plan.

**10.2 Effect of Amalgamation, Merger or Arrangement** - If the Corporation amalgamates, merges or enters into a plan of arrangement with or into another corporation, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Optionee would have received upon such amalgamation, merger or arrangement if the Optionee had exercised his Option immediately prior to the record date applicable to such amalgamation, merger or arrangement, and the exercise price shall be adjusted proportionately by the Board and such adjustment shall be binding for all purposes of the Plan.

**10.3 Acceleration on Change of Control** - Upon a Change in Control, subject to the approval by the TSX Venture Exchange or any other stock exchange having authority over the Corporation or the Plan, all Options shall become immediately exercisable, notwithstanding any contingent vesting provisions to which such Options may have otherwise been subject.

**10.4 Acceleration of Date of Exercise** - Subject to the approval by the TSX Venture Exchange or any other stock exchange having authority over the Corporation or the Plan, the

Board shall have the right to accelerate the date of vesting of any portion of any Option which remains unvested.

**10.5 Determinations to be Made By Board** - Adjustments and determinations under this Part 10 shall be made by the Board, whose decisions as to the adjustments or determination which shall be made, and the extent thereof, shall be final, binding, and conclusive.

**10.6 Effect of a Take-over** - If a bona fide offer (the "Offer") for Shares is made to an Optionee or to shareholders generally or to a class of shareholders which includes the Optionee, which Offer constitutes a take-over bid within the meaning of section 92 of the British Columbia Securities Act, as amended from time to time, the Corporation shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon any Option held by an Optionee may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Shares received upon such exercise (the "Optioned Shares") to the Offer. If:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Optioned Shares tendered by the Optionee pursuant to the Offer are not taken up and paid for by the offeror pursuant thereto;

the Optioned Shares or, in the case of clause (b) above, the Optioned Shares that are not taken up and paid for, may be returned by the Optionee to the Corporation and reinstated as authorized but unissued shares and with respect to such returned Optioned Shares, the Option shall be reinstated as if it had not been exercised. If any Optioned Shares are returned to the Corporation under this Part, the Corporation shall refund the exercise price to the Optionee for such Optioned Shares.

**10.7 Expiry of An Option During a Blackout Period** - If the term of an Option ends during a Blackout Period or other trading restriction imposed by the Corporation, then the expiry date of the Option shall be automatically extended to the tenth (10<sup>th</sup>) business day following the date of the relevant Blackout Period or other trading restriction imposed by the Corporation is lifted, terminated or removed.

## **11. TERMINATION AND AMENDMENT OF PLAN**

**11.1 Power of Board to Terminate or Amend Plan** - Subject to the acceptance of the TSX Venture Exchange, the Board may terminate, suspend or amend the terms of the Plan; provided, however, that, except as provided in Part 10, the Board may not do any of the following without obtaining, within 12 months either before or after the Board's adoption of a resolution authorizing such action, approval by the affirmative votes of the holders of a majority of the voting securities of the Corporation present, or represented, and entitled to vote at a meeting duly held in accordance with the applicable corporate laws, and, where required, by way of Disinterested Shareholder Approval, or by the written consent of the holders of a

majority of the securities of the Corporation entitled to vote:

- (a) increase the aggregate number of Shares which may be issued under the Plan;
- (b) materially modify the requirements as to eligibility for participation in the Plan; or
- (c) materially increase the benefits accruing to participants under the Plan,

however, the Board may amend the terms of the Plan to comply with the requirements of any applicable regulatory authority, or as a result in the changes in the policies of the TSX Venture Exchange relating to incentive stock options, without obtaining the approval of the Corporation's shareholders.

**11.2 No Grant During Suspension of Plan** - No Option may be granted during any suspension, or after termination, of the Plan. Amendment, suspension or termination of the Plan shall not, without the consent of the Optionee, alter or impair any rights or obligations under any Option previously granted.

**11.3 Annual Approval by Shareholders** - This Plan is subject to approval by the shareholders of the Corporation at each annual general meeting of the Corporation. If the Plan is not approved by the shareholders at any annual general meeting of the Corporation, then the Plan shall continue with respect to all Options then outstanding, however, the Committee shall not grant any new Options under the Plan until such time as the Plan is approved by the shareholders.

## **12. CONDITIONS PRECEDENT TO ISSUANCE OF SHARES**

**12.1 Compliance with Laws** - Shares shall not be issued with respect to an Option unless the exercise of such Option and the issuance and delivery of such shares shall comply with all relevant provisions of law, including, without limitation, any applicable United States' state securities laws, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations thereunder and the requirements of any stock exchange or automated interdealer quotation system of a registered national securities association upon which such Shares may then be listed, and such issuance shall be further subject to the approval of counsel for the Corporation with respect to such compliance, including the availability of an exemption from registration for the issuance and sale of such shares. The inability of the Corporation to obtain from any regulatory body the authority deemed by the Corporation to be necessary for the lawful issuance and sale of any Shares under this Plan, or the unavailability of an exemption from registration for the issuance and sale of any Shares under this Plan, shall relieve the Corporation of any liability with respect to the non-issuance or sale of such Shares.

### 13. HOLD PERIODS

**13.1 Hold Period Legends** - If required by the TSX Venture Exchange policies or applicable securities laws, Options and any Shares issued under Options will be legended with the appropriate hold period.

**13.2 TSX Venture Exchange Hold Period** - In addition to any resale restrictions under applicable securities laws and any other circumstance for which the TSX Venture Exchange hold period may apply, when Options are granted to Insiders all such Options and any Shares issued under the Options exercised prior to the expiry of the TSX Venture Exchange hold period will be legended with the appropriate hold period pursuant to the wording set out in Policy 3.2 – *Filing Requirements and Continuous Disclosure* commencing on the Date of Grant of an Option.

### 14. USE OF PROCEEDS

**14.1 Use of Proceeds** - Proceeds from the sale of Shares pursuant to the Options granted and exercised under the Plan shall constitute general funds of the Corporation and shall be used for general corporate purposes, or as the Board otherwise determines.

### 15. NOTICES

**15.1 Notices** - All notices, requests, demands and other communications required or permitted to be given under this Plan and the Options granted under this Plan shall be in writing and shall be either served personally on the party to whom notice is to be given, in which case notice shall be deemed to have been duly given on the date of such service; telefaxed, in which case notice shall be deemed to have been duly given on the date the telefax is sent; or mailed to the party to whom notice is to be given, by first class mail, registered or certified, return receipt requested, postage prepaid, and addressed to the party at his or its most recent known address, in which case such notice shall be deemed to have been duly given on the tenth postal delivery day following the date of such mailing.

### 16. MISCELLANEOUS PROVISIONS

**16.1 No Obligation to Exercise** - Optionees shall be under no obligation to exercise Options granted under this Plan.

**16.2 No Obligation to Retain Optionee** - Nothing contained in this Plan shall obligate the Corporation or any Related Company to retain an Optionee as an employee, officer, director, or consultant for any period, nor shall this Plan interfere in any way with the right of the Corporation or any Related Company to reduce such Optionee's compensation.

**16.3 Binding Agreement** - The provisions of this Plan and each Stock Option Certificate with an Optionee shall be binding upon such Optionee and the Qualified Successor or Guardian of such Optionee.

**16.4 Use of Terms** - Where the context so requires, references herein to the singular shall include the plural, and vice versa, and references to a particular gender shall include either or both genders.

**16.5 Headings** - The headings used in this Plan are for convenience of reference only and shall not in any way affect or be used in interpreting any of the provisions of this Plan.

**16.6 No Representation or Warranty** - The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of this Plan.

## **17. EFFECTIVE DATE OF PLAN**

**17.1 Effective Date of Plan** - This Plan shall be effective the day of its approval by the shareholders of the Corporation. On that date the stock options granted under the Former Plan shall be deemed to be subject to the terms and conditions of this Plan and the Former Plan shall be superseded by the Plan.

## Schedule “C”

### RESTRICTED STOCK UNIT INCENTIVE PLAN

#### SCOZINC MINING LTD.

ScoZinc Mining Ltd., a corporation incorporated under the laws of British Columbia, Canada (“ScoZinc” or the “Corporation”), sets forth herein the terms of its Restricted Stock Unit Incentive Plan (the “Plan”), as follows:

#### **1. PURPOSE**

The Plan is intended to enhance the Corporation’s and its Affiliates’ (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, consultants and other persons, and to motivate such officers, directors, key employees, consultants and other persons to serve the Corporation and its Affiliates and to expend maximum effort to improve the business results and earnings of the Corporation, by providing to such persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Corporation. To this end, the Plan provides for the grant of restricted stock units. Any of these awards of restricted stock units may, but need not, be made as performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms hereof (as such performance goals are specified in the Award Agreement).

#### **2. DEFINITIONS**

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 “Affiliate” means, with respect to the Corporation, any person or company if it is a Subsidiary entity of the other or if both are Subsidiary entities of the same person or company within the meaning of Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions.

2.2 “Award” means a grant of Restricted Stock Units under the Plan.

2.3 “Award Agreement” means the written agreement between the Corporation and a Grantee that evidences and sets out the terms and conditions of an Award.

2.4 “Board” means the Board of Directors of the Corporation.

2.5 “Cause” means, as determined by the Board and unless otherwise provided in an applicable agreement with the Corporation or an Affiliate, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense; or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between the Service Provider and the Corporation or an Affiliate.

2.6 “Change of Control” means (i) a takeover bid for a sufficient number of Shares such that if such number of Shares are tendered into the bid and the bid closes, the bidder and all parties acting jointly or in concert with the bidder (the “bid group”) would have direction or control over more than 50% of the outstanding common shares of the Corporation, excluding the shares subject to the Plan, unless parties exercising control or direction over a blocking number of common shares of the Corporation have provided by the date (the “blocking date”) which is five business days before the initial expiry date of the bid, their written undertaking to all Grantees under the Plan not to tender into the bid, in the aggregate, at least a blocking number of Shares; “blocking number” means that number of common shares of the Corporation which, if withheld from being tendered into the bid and assuming no increase in the number of outstanding common shares of the Corporation, would result in the bidder not acquiring direction or control over more than 50% of the outstanding common shares of the Corporation immediately following closing of the bid; (ii) a merger, consolidation, combination, reorganization or other transaction pursuant to which a party, or parties acting jointly and in concert, would acquire direction or control over more than 50% of the outstanding common shares of the Corporation or more than 50% of the votes attaching to all of the voting securities of any successor entity resulting from such transaction; (iii) a sale of all or substantially all of the assets of the Corporation determined on either a consolidated or a non-consolidated basis; or (iv) the election or appointment to the Board of a number of persons who represent a majority of the Board and who were not proposed or approved by a majority of the Board as previously constituted.

The effective date of a Change of Control is (a) for the purposes of (i), the date immediately following the blocking date; (b) for the purposes of (ii) and (iii), the date of the latest of shareholder, other stakeholder, Court or other required approval of the transaction; and for the purposes of (iv), the date of the shareholder resolution or other corporate action approving the election or appointment.

2.7 “Committee” means the Compensation committee of the Board, and designated from time to time by resolution of, the Board, which shall be constituted as provided in Section 3.2.

2.8 “Corporation” means ScoZinc Mining Ltd.

2.9 “Consultant” means, in relation to the Corporation, an individual (other than an Employee or a Director of the Issuer) or company that:

(a) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation, other than services provided in relation to a distribution;

(b) provides the services under a written contract between the Corporation or the Affiliate and the individual or the company, as the case may be;

(i) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the affairs and business of the Corporation or an Affiliate of the Corporation; and

(ii) has a relationship with the Corporation or an Affiliate of the Corporation that enables the individual to be knowledgeable about the business and affairs of the Corporation.

2.10 “Director” means a director, senior officer or Management Company Employee of the Corporation.

2.11 “Effective Date” means September 20, 2019, the date the Plan is approved by the Board.

2.12 “Employee” means:

(a) an individual who is considered an employee of the Corporation or its Subsidiary under the Income Tax Act (Canada) (and for whom income tax, employment insurance and CPP deductions must be made at source);

(b) an individual who works full-time for the Corporation or its Subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source; or

(c) an individual who works for the Corporation or its Subsidiary on a continuing and regular basis for a minimum amount of time per week (the number of hours should be disclosed in the submission) providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source.

2.13 “Fair Market Value” means the value of a Share, determined as follows: if on the Grant Date or other determination date the Shares are listed on the TSX Venture Exchange or another established national or regional stock exchange or is publicly traded on an established securities market, the Fair Market Value of the Corporation’s Shares shall be the closing price of the Shares on such exchange or in such market (if there is more than one such exchange or market the Board shall determine the appropriate exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Shares is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Shares are not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of a Share as determined by the Board in good faith.

2.14 “GAAP” means, at any time, accounting principles generally accepted in Canada applying IFRS, including those set out in the Handbook of the Chartered Professional Accountants of Canada, at the relevant time applied on a consistent basis.

2.15 “Grant Date” means, as determined by the Board, the latest to occur of (i) the date as of which the Board approves an Award, (ii) the date on which the recipient of an Award first becomes eligible to receive an Award under Section 6 hereof, or (iii) such other date as may be specified by the Board.

2.16 “Grantee” means a person who receives or holds an Award under the Plan.

2.17 “IFRS” means International Financial Reporting Standards adopted by the International Accounting Standards Board from time to time.

2.18 “Management Company Employee” means an individual employed by a person providing management services to the Corporation, which are required for the ongoing successful operation of the business enterprise of the Corporation, but excluding a person engaged in investor relations activities.

2.19 “Outside Director” means a member of the Board who is not an officer or employee of the Corporation.

2.20 “Plan” means this ScoZinc Mining Ltd. Restricted Stock Unit Incentive Plan.

2.21 “Restricted Stock Unit” or “RSU” means a bookkeeping entry representing the right to receive one Share, subject to the restrictions and vesting provisions provided herein, and awarded to a Grantee pursuant to Section 8 hereof.

2.22 “Securities Act” means the Securities Act (Ontario), as now in effect or as hereafter amended.

2.23 “Service” means service of a Service Provider to the Corporation or an Affiliate. Unless otherwise stated in the applicable Award Agreement, a Grantee’s change in position or duties shall not result in interrupted or terminated Service, so long as such Grantee continues to be a Service Provider to the Corporation or an Affiliate. Subject to the preceding sentence, whether a termination of Service shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final, binding and conclusive.

2.24 “Service Provider” means an Employee, Director, or Consultant of the Corporation or its Subsidiary.

2.25 “Share(s)” means the issued and outstanding common shares of the Corporation.

2.26 “Subsidiary” means any “subsidiary entity” of the Corporation within the meaning of Multilateral Instrument 61-101 – Protection of Minority Shareholders in Special Transactions.

### **3. ADMINISTRATION OF THE PLAN**

#### **3.1 Board**

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Corporation’s articles and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Award or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Award or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Corporation’s articles and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Award or any Award Agreement shall be final, binding and conclusive.

### **3.2 Committee**

The Board from time to time may delegate to the Committee such powers and authorities related to the administration and implementation of the Plan, as set forth in Section 3.1 above and other applicable provisions, as the Board shall determine, other than the Board's power and authority to grant awards or to issue Shares to Grantees upon the vesting of an Award, consistent with the articles of the Corporation and applicable law.

- (i) Except as provided in Subsection (ii) and except as the Board may otherwise determine, the Committee, if any, appointed by the Board to administer the Plan shall consist of two or more Outside Directors of the Corporation who meet such requirements as may be established from time to time by the securities regulatory authorities for such incentive plans and who comply with the independence requirements of applicable securities regulatory policies.
- (ii) The Board may also appoint one or more separate committees of the Board, each composed of one or more directors of the Corporation who need not be Outside Directors, who may administer the Plan and may determine all terms of such Awards.

Notwithstanding the foregoing, the Board may not delegate its authority to grant Awards or to issue Shares to Grantees upon the vesting of an Award.

In the event that the Plan, any Award or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in this Section. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. To the extent permitted by law, the Committee may delegate its authority under the Plan to a member of the Board.

### **3.3 Terms of Awards**

Subject to the other terms and conditions of the Plan, the Board shall have full and final authority to:

- (i) designate Grantees;
- (ii) determine the number of Shares to be subject to an Award;
- (iii) establish the terms and conditions of each Award (including, but not limited to, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting or forfeiture of an Award and any other terms or conditions);
- (iv) prescribe the form of each Award Agreement evidencing an Award;
- (iv) establish performance criteria; and
- (v) amend, modify, or supplement the terms of any outstanding Award. Such authority

specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Awards to eligible individuals who are foreign nationals or are individuals who are employed outside Canada to recognize differences in local law, tax policy, or custom.

As a condition to any subsequent Award, the Board shall have the right, at its discretion, to require Grantees to return to the Corporation Awards previously made under the Plan. Subject to the terms and conditions of the Plan, any such new Award shall be upon such terms and conditions as are specified by the Board at the time the new Award is made. The Board shall have the right, in its discretion, to make Awards in substitution or exchange for any other award under another plan of the Corporation, any Affiliate, or any business entity to be acquired by the Corporation or an Affiliate. The Corporation may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any employment agreement, non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Corporation or any Affiliate thereof or any confidentiality obligation with respect to the Corporation or any Affiliate thereof or otherwise in competition with the Corporation or any Affiliate thereof, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Corporation may, within 30 days, annul an Award if the Grantee is an employee of the Corporation or an Affiliate thereof and is terminated for Cause. The grant of any Award shall be contingent upon the Grantee executing the appropriate Award Agreement.

### **3.4 No Liability**

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Award or Award Agreement.

### **3.5 Book Entry**

Notwithstanding any other provision of this Plan to the contrary, the Corporation may elect to satisfy any requirement under this Plan for the delivery of share certificates through the use of book-entry.

## **4. SHARES SUBJECT TO THE PLAN**

Shares issued or to be issued under the Plan shall be authorized but unissued shares. Subject to adjustment as provided in Section 11 hereof, the maximum number of Shares available for issuance under the Plan shall be 1,010,146. The number of Shares issued or to be issued under the Plan and all other security based compensation arrangements, at any time, shall not exceed 10% of the total number of the issued and outstanding Shares. The Board shall have the right to substitute or assume Awards in connection with mergers, reorganizations, separations, or other transactions subject to the receipt of approval of the TSX Venture Exchange and shareholders of the Corporation. The number of Shares reserved pursuant to this Section 4 may be increased by the corresponding number of Awards assumed and, in the case of a substitution, by the net increase in the number of Shares subject to Awards before and after the substitution.

Notwithstanding the foregoing:

- (i) the number of securities issuable to insiders of the Corporation under all security-based compensation arrangements, including the Plan together with any other security-based compensation arrangements of the Corporation, at any time, cannot exceed 10% of the issued and outstanding Shares;
- (ii) the number of securities issued to insiders of the Corporation pursuant to such arrangements together with any other security-based compensation arrangements of the Corporation, within any one-year period, cannot exceed 10% of the issued and outstanding Shares;
- (iii) the number of Shares issuable to any one Service Provider or other individual pursuant to an Award together with any other security-based compensation arrangements of the Corporation within any one-year period, cannot exceed 1% of the issued and outstanding Shares; and
- (iv) the aggregate number of Shares issuable to all Service Providers pursuant to Awards together with any other security-based compensation arrangements of the Corporation within any one-year period, cannot exceed 2% of the issued and outstanding Shares.

## **5. EFFECTIVE DATE, DURATION AND AMENDMENTS**

### **5.1 Effective Date**

The Plan shall be effective as of the Effective Date, subject to approval of the Plan by the Corporation's shareholders within one year of the Effective Date. Upon approval of the Plan by the shareholders of the Corporation as set forth above, all Awards made under the Plan on or after the Effective Date shall be fully effective as if the shareholders of the Corporation had approved the Plan on the Effective Date. If the shareholders fail to approve the Plan within one year after the Effective Date, any Awards made hereunder shall be null and void and of no effect.

### **5.2 Term**

The Plan shall terminate automatically ten (10) years after the Effective Date and may be terminated on any earlier date or extended as provided in Section 5.3.

### **5.3 Amendment and Termination of the Plan**

The Board may, at any time and from time to time, amend the Plan, subject to prior TSX Venture Exchange approval, or suspend, extend or terminate the Plan as to any Shares as to which Awards have not been made. An amendment shall be contingent on approval of the Corporation's shareholders to the extent stated by the Board, required by applicable law or required by applicable stock exchange listing requirements. Notwithstanding the foregoing, the Plan shall not be amended to (i) remove or exceed the 10% insider participation limit prescribed by the TSX Venture Exchange, (ii) increase the maximum number of Shares made available from treasury under the Plan, (iii) extend the term of an RSU for the sole benefit of an Insider, or (iv) change this amendment provision without approval of the shareholders of the Corporation. However, amendments of a housekeeping nature, changes to vesting provisions, changes to the term of the Plan or Awards made hereunder or changes to performance criteria will not require shareholder approval.

## **6. AWARD ELIGIBILITY AND LIMITATIONS**

### **6.1 Service Providers**

Subject to this Section 6, Awards may be made under the Plan to any Service Provider, as the Board shall determine and designate from time to time. The Corporation and the Grantee of Restricted Stock Units are responsible for ensuring and confirming that the Grantee of Restricted Stock Units is a bona fide Service Provider.

### **6.2 Successive Awards**

An eligible person may receive more than one Award, subject to such restrictions as are provided herein.

### **6.3 Stand-Alone, Additional, Tandem, and Substitute Awards**

Awards granted under the Plan may, in the discretion of the Board, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Corporation, any Affiliate, or any business entity to be acquired by the Corporation or an Affiliate, or any other right of a Grantee to receive payment from the Corporation or any Affiliate. Such additional, tandem, and substitute or exchange Awards may be granted at any time. If an Award is granted in substitution or exchange for another Award, the Board shall require the surrender of such other Award in consideration for the grant of the new Award.

## **7. AWARD AGREEMENT**

Each Award granted pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan.

## **8. TERMS AND CONDITIONS OF RESTRICTED STOCK UNITS**

### **8.1 Grant of Restricted Stock Units**

Awards shall be in the form of Restricted Stock Units. Subject to the restrictions and vesting provisions provided in Section 8.2, each RSU shall entitle the Grantee to receive one Share.

### **8.2 Restrictions and Vesting**

At the time a grant of Restricted Stock Units is made, the Board may, in its sole discretion, establish a period of time (a "Vesting period") applicable to such Restricted Stock Units. Each Award of Restricted Stock Units may be subject to a different Vesting period. The Board may, in its sole discretion, at the time a grant of Restricted Stock Units is made, prescribe restrictions in addition to or other than the expiration of the Vesting period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the Restricted Stock Units in accordance with Section 9.1 Notwithstanding the foregoing, (i) Restricted Stock

Units that vest solely by the passage of time shall not vest in full in less than three (3) years from the Grant Date; (ii) Restricted Stock Units for which vesting may be accelerated by achieving performance targets shall not vest in full in less than one (1) year from the Grant Date; and (iii) Restricted Stock Units granted to Outside Directors vest, (a) at the election of an Outside Director at the time the Award is granted, within a minimum of one (1) year to a maximum of three (3) years following the Grant Date, as such Outside Director may elect, and (b) if no election is made, upon the earlier of a Change of Control in accordance with Section 11.2 or his or her resignation from the Board.

Restricted Stock Units may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of (other than to the Grantee's beneficiary or estate, as the case may be, upon the death of the Grantee) during the Vesting period.

### **8.3 Restricted Stock Unit Accounts**

An account will be maintained by the Secretary of the Corporation, or such other officer of the Corporation as the Board may designate, in the name and for the benefit of the Grantee, in which will be recorded the number of RSUs granted to the Grantee, the Grant Date and expiry date of the RSUs.

### **8.4 Rights of Holders of Restricted Stock Units**

#### **(a) Voting and Dividend Rights**

Grantees of Restricted Stock Units shall have no rights as shareholders of the Corporation. The Board may provide in an Award Agreement evidencing a grant of Restricted Stock Units that the Grantee shall be entitled to receive, upon the Corporation's payment of a cash dividend on its outstanding Shares, a cash payment for each Restricted Stock Unit granted equal to the per-share dividend paid on the outstanding Shares. Such Award Agreement may also provide that such cash payment will be deemed reinvested in additional Restricted Stock Units at a price per unit equal to the Fair Market Value of the Shares on the date that such dividend is paid.

#### **(b) Creditor's Rights**

A Grantee shall have no rights other than those of a general creditor of the Corporation. Restricted Stock Units represent an unfunded and unsecured obligation of the Corporation, subject to the terms and conditions of the applicable Award Agreement.

### **8.5 Termination of Service**

Upon the termination of a Grantee's Service, any Restricted Stock Units granted to a Grantee that have not vested and will not vest within 30 days from the date of termination, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of Restricted Stock Units, the Grantee shall have no further rights with respect to such Award, including but not limited to any right to receive dividends with respect to the Restricted Stock Units.

## **8.6 Termination for Cause and Voluntary Resignation**

If a Grantee ceases to be an Employee as a result of termination for Cause, then effective as of the date notice is given to the Grantee of termination, the Corporation may, within 30 days, annul an award if the Grantee is an employee of the Corporation or an affiliate thereof. If a Grantee's employment is terminated with cause, or at the option of the Grantee, any RSUs that have not vested and will not vest within 30 days from the date of termination, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited.

## **8.7 Delivery of Shares**

Upon the expiration or termination of the Vesting period and the satisfaction of any other restrictions prescribed by the Board, the Restricted Stock Units shall vest and shall be settled in Shares issued by the Corporation from treasury and, unless otherwise provided in the Award Agreement, a share certificate for that number of Shares equal to the number of vested RSUs shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

Settlement of RSUs shall be in Shares issued by the Corporation from treasury. The Committee shall specify the circumstances in which Awards shall be made or forfeited in the event of termination of Service by the Grantee prior to vesting.

## **8.8 Exchange Hold Period**

If the Award is granted to a director, officer, promoter or other insider of the Corporation, then the Award will bear an Exchange Hold Period (as defined in TSX Venture Exchange Policies), and the following legend will be inserted onto the first page of the Award Agreement:

Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the Shares represented by this agreement when vested and issued thereunder may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ▲, 20 ▲, [i.e., four months and one day after the date of Award grant].

## **9. TERMS AND CONDITIONS OF AWARDS**

### **9.1 Performance Conditions**

The granting and vesting of RSUs may be subject to such performance conditions as may be specified by the Board in the Award Agreement. The Board may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce the amounts payable under any Award subject to performance conditions.

### **9.2 Performance Goals Generally**

The performance goals for Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee

consistent with this Section 9.1. Performance goals shall be objective and shall otherwise meet the requirements that the level or levels of performance targeted by the Committee result in the achievement of performance goals being “substantially uncertain”. The Committee may determine that Awards shall vest upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to the vesting of an Award. Performance goals may differ for Awards granted to any one Grantee or to different Grantees.

### **9.3 Business Criteria**

The Board, in its sole discretion, may establish business criteria for the purpose of establishing performance goals in accordance with Section 9.1, including but not limited to, one or more of the following business criteria for the Corporation, on a consolidated basis, and/or specified Subsidiaries or business units of the Corporation (except with respect to the total shareholder return and earnings per share criteria): (1) total shareholder return; (2) such total shareholder return as compared to total return (on a comparable basis) of a publicly available index such as, but not limited to, the S&P/TSX Composite Index; (3) past service to the Corporation; (4) net income; (5) pre-tax earnings; (6) earnings before interest expense, taxes, depreciation and amortization; (7) pre-tax operating earnings after interest expense and before bonuses, service fees, and extraordinary or special items; (8) operating margin; (9) earnings per share; (10) return on equity; (11) return on capital; (12) return on investment; (13) operating earnings; (14) working capital; (15) ratio of debt to shareholders’ equity; (16) revenue; and (17) free cash flow and free cash flow per share. Business criteria may be measured on an absolute basis or on a relative basis (i.e., performance relative to peer companies) and on a GAAP or non-GAAP basis.

### **9.4 Timing for Establishing Performance Goals**

Performance goals shall be established not later than 90 days after the beginning of any performance period applicable to such Awards, or at such other date as may be determined by the Board.

### **9.5 Written Determinations**

All determinations by the Committee as to the establishment of performance goals, the amount of any Award and as to the achievement of performance goals relating to Awards, and the amount of any final Awards, shall be made in writing.

## **10. REQUIREMENTS OF LAW**

### **10.1 General**

The Plan shall comply with the provisions of any applicable law or regulation of any governmental authority, including without limitation any federal, state or provincial securities laws or regulations and the requirements of any stock exchange having jurisdiction. The failure to comply with such laws or regulations, including without limitation the Securities Act, may result in a termination of the Plan and/or the forfeiture of previously granted RSUs.

## **11. EFFECT OF CHANGES IN CAPITALIZATION**

### **11.1 Changes in Shares**

If the number of outstanding Shares is increased or decreased or the Shares are changed into or exchanged for a different number or kind of shares or other securities of the Corporation on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Corporation occurring after the Effective Date, the number and kinds of shares for which Awards may be made under the Plan shall be adjusted proportionately and accordingly by the Corporation. In addition, the number and kind of shares for which Awards are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the Grantee immediately following such event shall, to the extent practicable, be the same as immediately before such event. Notwithstanding the foregoing, in the event of any distribution to the Corporation's shareholders of securities of any other entity or other assets (including an extraordinary cash dividend but excluding a non-extraordinary dividend payable in cash or in shares of the Corporation) without receipt of consideration by the Corporation, the Corporation may, in such manner as the Corporation deems appropriate, adjust the number and kind of shares subject to outstanding Awards.

### **11.2 Change of Control**

Upon the occurrence of a Change of Control, all outstanding Restricted Stock Units shall be deemed to have vested, and all restrictions and conditions applicable to such Restricted Stock Units shall be deemed to have lapsed and the Shares subject to such Restricted Stock Units shall be issued and delivered, immediately prior to the occurrence of such Change of Control.

### **11.3 Adjustments**

Adjustments under Section 11.1 relating to Shares or securities of the Corporation shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole Share. The Board may provide in the Award Agreement at the time of grant, or any time thereafter with the consent of the Grantee, for different provisions to apply to an Award in place of those described in Sections 11.1 and 11.3.

### **11.4 No Limitations on Corporation**

The making of Awards pursuant to the Plan shall not affect or limit in any way the right or power of the Corporation to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

## **12. GENERAL PROVISIONS**

### **12.1 Disclaimer of Rights**

No provision in the Plan or in any Award or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Corporation or any Affiliate, or to interfere in any way with any contractual or other right or authority of the Corporation either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Corporation. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Award granted under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a director, officer, consultant or employee of the Corporation or an Affiliate. The obligation of the Corporation to issue Shares or pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation only in respect of those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Corporation to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any Grantee or beneficiary under the terms of the Plan.

## **12.2 Non-exclusivity of the Plan**

Neither the adoption of the Plan nor the submission of the Plan to the shareholders of the Corporation for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable.

## **12.3 Withholding Taxes**

The Corporation or an Affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any federal, provincial, state, or local taxes of any kind required by law to be withheld with respect to the vesting of an Award or upon the issuance of any Shares upon the vesting of an Award. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Corporation or the Affiliate, as the case may be, any amount that the Corporation or the Affiliate may reasonably determine to be necessary to satisfy such withholding obligation.

## **12.4 Captions**

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

## **12.5 Other Provisions**

Each Award granted under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion.

## **12.6 Number and Gender**

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

## **12.7 Severability**

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

## **12.8 Governing Law**

The validity and construction of this Plan and the instruments evidencing the Award hereunder shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable herein, other than any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Plan and the instruments evidencing the Awards granted hereunder to the substantive laws of any other jurisdiction.

## **12.9 No Representation or Warranty**

The Corporation makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

## **12.10 Conflict**

In the event of any conflict between the provisions of this Plan and an Award Agreement, the provisions of this Plan shall govern.

## **12.11 Time of Essence**

Time is of the essence of this Plan and of each Award Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

Approved by the Board of Directors on September 20, 2019.