



SEARCH MINERALS INC.

**Annual and Special Meeting
to be held on April 19, 2018**

**Notice of Annual and Special Meeting
and
Management Information Circular**

March 16, 2018

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SEARCH MINERALS INC.
Suite 108, 901 West 3rd Street
North Vancouver, British Columbia V7P 3P9

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual and special meeting (the “**Meeting**”) of the holders of the common shares (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of Search Minerals Inc. (the “**Company**”) will be held at the offices of DS Lawyers Canada LLP, Suite 2700, 1055 West Georgia Street, Vancouver, British Columbia on Thursday, April 19, 2018, at 9:00 a.m. (Vancouver time) for the following purposes:

1. to receive the financial statements of the Company for the financial year ended November 30, 2017, together with the auditor’s report thereon;
2. to fix the number of directors of the Company at five;
3. to elect directors of the Company for the ensuing year;
4. to appoint Mao & Ying LLP (formerly SunRonkai LLP), Chartered Professional Accountants, as auditor of the Company for the ensuing year and authorize the directors of the Company to fix its remuneration;
5. to consider and, if thought appropriate, pass, with or without variation, a resolution, the full text of which is set forth in the accompanying management information circular (the “**Circular**”), approving the Company’s rolling stock option plan, as required annually by the policies of the TSX Venture Exchange (the “**Exchange**”), as more fully described in the accompanying Circular;
6. to consider and, if thought appropriate, to pass, with or without variation, a resolution, the full text of which is set forth in the accompanying Circular, approving the creation of InCoR Holdings PLC (“**InCoR**”) as a new Control Person (as such term is defined in the policies of the Exchange) of the Company, upon conversion of the debentures previously issued to InCoR, on such terms as are more particularly described in the accompanying Circular; and
7. to transact such other business as may properly be put before the Meeting or any adjournment thereof.

Accompanying this Notice of Annual and Special Meeting of Shareholders is the Circular and a copy of the audited consolidated financial statements of the Company for the financial year ended November 30, 2017, together with the report of the auditor thereon.

All shareholders are entitled to attend and vote at the Meeting in person or by proxy. A Shareholder wishing to be represented by proxy at the Meeting or any adjournment thereof must deposit his, her or its duly executed form of proxy with the Company’s transfer agent and registrar, Computershare Investor Services Inc. (“**Computershare**”), Attention: Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, by 9:00 a.m. (Vancouver, British Columbia time) on Tuesday, April 17, 2018 (or 48 hours, excluding Saturdays, Sundays and holidays before any adjournment of the Meeting at which the proxy is to be used) or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting.

Shareholders who are unable to be present personally at the Meeting are urged to sign, date and return the enclosed form of proxy in the envelope provided for that purpose. If you plan to be present personally at the Meeting, you are requested to bring the enclosed form of proxy for identification. The record date for the determination of those Shareholders entitled to receive the Notice of Annual and Special Meeting of Shareholders and to vote at the Meeting is the close of business on Thursday, March 15, 2018.

DATED at Vancouver, British Columbia, this 16th day of March, 2018.

ON BEHALF OF THE BOARD

(signed) "*Greg Andrews*"

Greg Andrews
Director, President and Chief Executive Officer

SEARCH MINERALS INC.
Suite 108, 901 West 3rd Street
North Vancouver, British Columbia V7P 3P9

MANAGEMENT INFORMATION CIRCULAR

(as at March 16, 2018 except as otherwise indicated)

SOLICITATION OF PROXIES

This management information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management of Search Minerals Inc. (the “**Company**”) for use at the annual and special meeting (the “**Meeting**”) of holders (collectively, the “**Shareholders**” or individually, a “**Shareholder**”) of the common shares in the capital of the Company (the “**Common Shares**”) to be held at the time and place set out in the accompanying Notice of Annual and Special Meeting of Shareholders (the “**Notice**”). The Company will bear the cost of this solicitation. The solicitation will be made primarily by mail, but proxies may also be solicited personally or by telephone by regular employees of the Company.

Except as noted below, the Company has distributed or made available for distribution, copies of the Notice, the Circular and form of proxy or voting instruction form (if applicable) (the “**Meeting Materials**”) to clearing agencies, securities dealers, banks and trust companies or their nominees (collectively, the “**Intermediaries**”) for distribution to Beneficial Shareholders (as defined below) whose Common Shares are held by or in custody of such Intermediaries. Such Intermediaries are required to forward such documents to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. The Company is sending proxy-related materials directly to non-objecting Beneficial Shareholders, through the services of its transfer agent and registrar, Computershare Investor Services Inc. (“**Computershare**”). The solicitation of proxies from Beneficial Shareholders will be carried out by the Intermediaries or by the Company if the names and addresses of the Beneficial Shareholders are provided by Intermediaries. The Company will pay the permitted fees and costs of Intermediaries incurred in connection with the distribution of the Meeting Materials. The Company is not relying on the notice-and-access provisions of securities laws for delivery of the Meeting Materials to registered Shareholders or Beneficial Shareholders.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **A Shareholder who wishes to appoint some other person to serve as their representative at the Meeting (who need not be a Shareholder) may do so by striking out the printed names and inserting the desired person’s name in the blank space provided.** The completed proxy should be delivered to Computershare by 9:00 a.m. (Vancouver time) on Tuesday, April 17, 2018, or 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the proxy is to be used, or deliver it to the chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the time of voting. A proxy must be executed by the registered Shareholder or his, her or its attorney duly authorized in writing, or, if the Shareholder is a corporation, by and officer or attorney thereof duly authorized.

The Proxy may be revoked prior to its use:

- (a) by depositing an instrument in writing executed by the Shareholder or by such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation,

by an officer or attorney thereof duly authorized indicating the capacity under which such officer or attorney is signing:

- (i) at the registered office of the Company, Suite 108, 901 West 3rd Street, North Vancouver, British Columbia, V7P 3P9, at any time up to and including Wednesday, April 18, 2018; or
 - (ii) with the chairman of the Meeting on the day of the Meeting or any adjournment thereof; or
- (b) in any other manner permitted by law.

PROVISIONS RELATING TO VOTING OF PROXIES

The Common Shares represented by accompanying form of proxy provided to Shareholders will be voted or withheld from voting by the designated persons named thereon in accordance with the direction of the Shareholders appointing them. **If there is no such direction, such Common Shares will be voted in favour of the passing of the matters set out in the Notice. The form of proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations to matters identified in the Notice and any other matters which may properly come before the Meeting or any adjournment thereof.** At the time of printing of this Circular, the management of the Company (the “**Management**”) knows of no other matters which may come before the Meeting other than those referred to in the Notice. **However, if any other matters which at present are not known to the Management should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgement of the named proxies.**

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders, who do not hold the Common Shares in their own name (referred to herein as “**Beneficial Shareholders**”). Beneficial Shareholders are Shareholders who hold their Common Shares through their brokers, intermediaries, trustees or other persons, or who otherwise do not hold their Common Shares in their own name, **Shareholders should note that only proxies deposited by Shareholders who appear on the records maintained by the Company’s registrar and transfer agent as registered holders of Common Shares will be recognized and acted upon at the Meeting.** If Common Shares are listed in an account statement provided to a Beneficial Shareholder by an Intermediary, then those Common Shares will, in all likelihood, not be registered in the Shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the Shareholder’s Intermediary or an agent of that Intermediary. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). In the United States, the vast majority of such Common Shares are registered under the name of Cede & Co., (the registration name for The Depository Trust Company, which acts as nominee for many United States brokerage firms). Common shares held by Intermediaries (or their agents or nominees) on behalf of a broker’s client can only be voted for or against resolutions upon the instruction of the Beneficial Shareholder. Without specific instructions, Intermediaries (and their agents and nominees) are prohibited from voting Common Shares for their clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires Intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Each Intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy provided to a

Beneficial Shareholder by its Intermediary is substantially similar to the form of proxy provided by the Company to the Intermediaries. However, its purpose is limited to instructing the Intermediary how to vote on behalf of the Beneficial Shareholder. The vast majority of Intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). Broadridge typically prepares a machine-readable voting instruction form or proxy forms (“**VIF**”), mails those forms to Beneficial Shareholders and asks Beneficial Shareholders to return the VIFs to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a VIF from Broadridge cannot use that form to vote Common Shares directly at the Meeting.** The VIF must be returned to Broadridge (or instructions respecting the voting of the Common Shares must otherwise be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted. If you have any questions respecting the voting of the Common Shares held through an Intermediary, please contact that Intermediary for assistance.

The Meeting Materials are being provided to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories - those who object to their identity being known to the issuers of securities which they own (“**OBOs**”) and those who do not object to their identity being made known to the issuers of the securities which they own (“**NOBOs**”). Subject to the provisions of National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers may request and obtain a list of their NOBOs from intermediaries directly or via their transfer agent and may obtain and use the NOBO list for the distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf.

The Company’s OBOs can expect to be contacted by Broadridge or their Intermediary as set out above. The Company does not intend to pay for the Intermediaries to deliver the Meeting Materials to OBOs and accordingly, if the OBO’s Intermediary does not assume the costs of delivery of those documents in the event that the OBO wishes to receive them, the OBO may not.

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of its Intermediary, a Beneficial Shareholder may attend the Meeting as proxyholder for the Intermediary (the registered shareholder) and vote the Common Shares in that capacity. NI 54-101 allows a Beneficial Shareholder who is a NOBO to submit to the Company or the Intermediary any document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder. If such a request is received, the Company or the Intermediary, as applicable, must arrange, without cost to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Circular, provided that the Company or the Intermediary receives such written instructions from the NOBO at least one business day prior to the time by which proxies are to be submitted at the Meeting, with the result that such a written request must be received by 9:00 a.m. (Vancouver time) on the day which is at least three business days prior to the Meeting. Beneficial Shareholders who wish to attend the Meeting and to vote their Common Shares as proxyholder for the Intermediary, should enter their own name in the blank space on the form of proxy or VIF and return the same to their Intermediary in accordance with the instructions provided by such Intermediary or agent well in advance of the Meeting. **Beneficial Shareholders should carefully follow the instructions of their Intermediaries and their service companies.**

All references to shareholders in this Meeting Materials are to Shareholders of the Company as set forth on the list of registered shareholders of the Company as maintained by the registrar and transfer agent of the Company, Computershare, unless specifically stated otherwise.

NOTE TO NON-OBJECTING BENEFICIAL OWNERS

The Meeting Materials are being sent to both registered and Beneficial Shareholders. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary holding the Common Shares on your behalf. By choosing to send the Meeting Materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instruction. As a result, if you are a Beneficial Shareholder, you can expect to receive a scannable VIF from Computershare. Please complete and return the VIF to Computershare in the envelope provided or by facsimile. In addition, telephone voting and internet voting instructions can be found on the VIF. Computershare will tabulate the results of the VIFs received from the Company's NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive.

FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the year ended November 30, 2017, together with the auditor's report on those statements and Management Discussion and Analysis, will be presented to the Shareholders at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company has fixed the close of business on Thursday, March 15, 2018, as the record date (the "**Record Date**") for the purpose of determining Shareholders entitled to receive the Notice and vote at the Meeting. As at the Record Date, the Company's authorized capital consists of an unlimited number of Common Shares of which 156,092,857 Common Shares carrying the right to one vote per share at the Meeting are issued and outstanding. Each holder of Common Shares as of the Record Date will be entitled to vote their Common Shares at the Meeting as noted above.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following persons beneficially own, or have control or direction over, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to the Common Shares:

Name of Shareholder	Number of Shares Owned	
	Common Shares	Percentage of Voting Rights
InCoR Holdings PLC	30,453,334	19.51%
RJS Management Services Ltd. ⁽¹⁾	17,464,000	11.18%

Note:

- (1) RJS Management Services Ltd. is a private company controlled by Raymond Saunders's estate. Mr. Raymond Saunders was a director of the Company who passed away in May 2017. In addition, according to information provided to the Company, 4,203,348 Common Shares which were owned directly by the late Mr. Saunders were transferred to a beneficiary.

ELECTION OF DIRECTORS

The directors of the Company are elected annually and hold office until the next annual general meeting of the shareholders or until their successors are elected or appointed. Management proposes to nominate the persons listed below for election as directors of the Company to serve until their successors are elected or appointed in accordance with the articles of the Company. At the Company's last annual general meeting, the number of directors of the Company was set at eight. Shareholders will be asked at the Meeting to pass an ordinary resolution to set the number of directors for the ensuing year at five.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF EACH OF THE PROPOSED NOMINEES UNLESS A SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES. MANAGEMENT DOES NOT CONTEMPLATE THAT ANY OF SUCH NOMINEES WILL BE UNABLE TO SERVE AS DIRECTORS. HOWEVER, IF FOR ANY REASON, ANY OF THE PROPOSED NOMINEES DO NOT STAND FOR ELECTION OR ARE UNABLE TO SERVE AS SUCH, PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN HIS, HER OR ITS PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF ANY PARTICULAR NOMINEE OR NOMINEES.

Advance Notice Provisions

Part 27 of the Company's Articles, as amended, contains a requirement providing advance notice of nomination of directors in certain circumstances where nomination for election of directors are made by a Shareholder. For an annual meeting of Shareholders, notice to the Company must be made not less than 36 days no more than 65 days prior to the date of the annual meeting; save and except where the annual meeting is to be held on a date less than 50 days after the date on which the first public announcement of the date of such annual meeting was made, in which event notice may be given not later than the close of business on the 10th day following such public announcement. For special meeting of Shareholders (which is not also an annual meeting), notice to the Company must be given not later than the close of business on the 15th day following the day on which the first public announcement of the date of such special meeting was made.

Director Nominee Profiles

The following table sets out the names of each person to be nominated by the Company for election as directors, the offices they hold within the Company, their principal occupations and the length of time they have served as directors of the Company. The number of Common Shares of the Company beneficially owned, or controlled or directed, directly or indirectly, by each director of the Company is presented to the best knowledge of Management and has been furnished to Management by such directors. Information provided herein is as of the date of this Circular.

Name, province or state and country of residence and position, if any, held in the Company	Principal occupation during the past five years	Served as director of the Company since	Number of Common Shares beneficially owned, controlled or directed
Greg Andrews⁽¹⁾ British Columbia, Canada Director, President and Chief Executive Officer	President of the Company since January 2015 and Chief Executive Officer of the Company since October 2015; Executive Vice-President of the Company from August 2014 until October 2015.	May 18, 2017	1,737,000 ⁽²⁾
Jocelyn Bennett⁽³⁾ Geneva, Switzerland Director	Partner at Molard Financial Management Services S.A. since 2003, Senior Partner of InCoR Holdings PLC since 2014 and director of InCoR Holdings PLC since 2015.	October 2, 2017	Nil
David Dreisinger British Columbia, Canada Vice-President Technologies and Director	Vice-president Technologies of the Company since June 1, 2017. Vice-President Metallurgy of the Company from September 2009 to May 31, 2017; Professor and Industrial Research Chair of Hydrometallurgy, University of British Columbia since 1988; President of Dreisinger Consulting Inc. since 1998; Director of PolyMet Mining Corp. since November 2003; Vice President, Metallurgy of Camrova Resources Inc. (formerly Baja Mining Corp.) since June 2004.	September 23, 2009	3,600,000 ⁽⁴⁾
George Molyviatis⁽⁵⁾ Principality of Monaco Director	Entrepreneur and Founder of InCoR Holdings PLC since 2013.	October 2, 2017	30,453,334 ⁽⁶⁾
Leo Power⁽³⁾ Newfoundland, Canada Director	President of L. Power Consulting since 1990, Director of Canada Fluospar; Executive Chairman of Barite Mud Services Inc., Chief Executive Officer and Director of Ptarmigan Energy Inc.	January 10, 2017	Nil

Notes:

- (1) Member of the Audit Committee.
- (2) Greg Andrews holds 1,506,000 common shares directly and 231,000 common shares are held by his wife, Donna Andrews.
- (3) Member of the Audit Committee and the Compensation Committee.
- (4) David Dreisinger holds 1,825,000 common shares directly and 1,775,000 common shares indirectly through Dreisinger Holdings Inc., a private company controlled by David Dreisinger.
- (5) Member of the Compensation Committee.
- (6) George Molyviatis is the Chairman of InCoR Holdings PLC (“**InCoR**”), a private venture capital company which owns the Common Shares.

Except as disclosed below, no proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

In connection with the Company's previously announced secured convertible debenture financing which took place in September and October of 2017, as more particularly described in "Particulars of Matters to be Acted Upon – Approving the Creation of a New Control Person", InCoR was provided with the right to appoint two directors to the board of directors of the Company (the "**Board**").

Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, to the knowledge of the Company, no proposed director of the Company is, or within 10 years prior to the date of this Circular, has been a director, executive officer or chief financial officer of any company, including the Company, that:

- (a) was the subject of a cease trade order or similar order or an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days (an "**Order**"), which Order was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (b) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (c) is, as at 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 Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) has, within 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 its assets.

George Molyviatis became a director of Besra Gold Inc., a corporation then listed on the Toronto Stock Exchange ("**Besra**"), in April 2015. Prior to Mr. Molyviatis joining the Board of Besra, Besra became subject to cease trade orders which were implemented on or about December 17, 2014. In October 2015, Besra commenced restructuring proceedings in Canada and the United States. Mr. Molyviatis ceased to be a director of Besra on November 17, 2016, and Jocelyn Bennett became a director of Besra in November 2016. Besra emerged from formal bankruptcy proceedings on or about May 15, 2017.

Leo Power is a director of 68870 Newfoundland & Labrador Inc., a private company ("**68870**"), which previously owned and operated a restaurant located in St. John's, Newfoundland & Labrador. Mr. Power was also a shareholder of 68870 through a holding company and a guarantor of certain liabilities of 68870. The restaurant failed and on April 6, 2016, 68870 made a proposal under the *Bankruptcy and Insolvency Act* at Court No. 20361 and Estate No. 51-209033 for a settlement which was approved by creditors and received court approval. The settlement amount was paid to 68870's creditors and 68870, the directors of 68870 (including Mr. Power) and certain shareholders of 68870 who had guaranteed a portion of 68870's

debts were all released from their obligations. The foregoing information, not being within the knowledge of the Company, has been furnished by the proposed directors.

Penalties or Sanctions

To the knowledge of the Company, no proposed director:

- (a) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about whether to vote for the proposed director.

EXECUTIVE COMPENSATION

Named Executive Officers

During the financial year ended November 30, 2017, the Company had three Named Executive Officers (“NEOs”) being, Greg Andrews, the President and Chief Executive Officer (“CEO”) and Matthew Anderson, the Chief Financial Officer (“CFO”).

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

Compensation Discussion and Analysis

The Company does not have a formal compensation program. The compensation of the Company’s NEOs is determined by the Company’s Compensation Committee (the “**Compensation Committee**”). The Compensation Committee then provides recommendations to the Board for approval. See “Corporate Governance Disclosure - Compensation Committee”.

The general objectives of the Company’s compensation decisions are:

- to encourage management to achieve a high level of performance and results with a view to increasing long-term shareholder value;
- to align management’s interests with the long-term interest of shareholders;
- to provide compensation commensurate with peer companies in order to attract and retain highly qualified executives; and
- to ensure that total compensation paid takes into account the Company’s overall financial position.

The Company’s compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board recognizes the need to provide a total compensation package that

will generally allow the Company to remain competitive compared to its peers in attracting and retaining qualified and experienced executives as well as align the compensation level of each executive to that executive's level of responsibility.

Elements of Compensation

In general, an NEO's compensation is comprised of a base salary and/or management fees, annual incentive awards and stock option grants. To date, no specific formulae have been developed to assign a specific weighting to each of these components. Instead, the Compensation Committee considers the Company's performance and assigns compensation based on this assessment and the recommendations of the Board. The directors of the Company are of a view that all elements should be considered, rather than any single element. In establishing levels of base salary and the granting of stock options, the NEO's performance, level of expertise, responsibilities and time spent are considered.

Compensation Risks

Neither the Board nor the Compensation Committee has formally evaluated the implications of the risks associated with the Company's compensation policies and practices. Risk management is a consideration of the Board when implementing its compensation program, and the Board and the Compensation Committee do not believe that the Company's compensation program results in unnecessary or inappropriate risk-taking, including risks that are likely to have a material adverse effect on the Company.

Financial Instruments

The Company's NEOs and directors are not permitted to purchase 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 securities granted as compensation or held, directly or indirectly, by the NEO or director.

Incentive Plans

Incentive stock options are granted pursuant to the Company's stock option plan (the "**Stock Option Plan**"), which is designed to encourage share ownership on the part of Management, directors, employees, and consultants. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value by encouraging share ownership and entrepreneurship on the part of the senior Management and other employees. The Board believes that the Stock Option Plan aligns the interests of the Company's personnel with shareholders by linking compensation to the longer-term performance of the Common Shares. The granting of incentive stock options is a significant component of executive compensation as it allows the Company to reward each executive officer's efforts to increase shareholder value without requiring the use of the Company's cash reserves.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependant on the Company's financial resources and prospects.

Share-Based and Option-Based Awards

The Company does not grant share-based awards. Directors, officers, employees and consultants are eligible under the Stock Option Plan to receive grants of stock options. The Stock Option Plan is an important part of the Company's long-term incentive strategy for its directors, employees and consultants, permitting them to participate in appreciation of the market value of the Common Shares over a stated period of time. The Stock Option Plan is intended to reinforce commitment to long-term growth in profitability and shareholder value. Stock option grants are made on the basis of the position, overall

individual performance, anticipated contribution to the Company's future success and the individual's ability to influence corporate and business performance. The purpose of granting such options is to assist the Company in compensating, attracting, retaining and motivating the officers, directors and employees of the Company and to closely align the personal interest of such persons to the interest of the shareholders.

Options are granted by either the Board or the Compensation Committee. In monitoring or adjusting the option allotments, the Board or the Compensation Committee, as the case may be, takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value and previous option grants. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility. The Board or the Compensation Committee will make these determinations subject to and in accordance with the provisions of the Stock Option Plan. See "Particulars of Matters to be Acted Upon – Approving of Stock Option Plan" below for further details regarding the Stock Option Plan.

Compensation Governance

In order to assist the Board in fulfilling its oversight responsibilities with respect to compensation matters, the Board has established the Compensation Committee and has reviewed and approved the Compensation Committee's Charter. The Compensation Committee is composed of George Molyviatis, Jocelyn Bennett and Leo Power. All members of the Compensation Committee are considered independent as such term is defined in National Instrument 52-110 – *Audit Committees* ("NI 52-110").

The Compensation Committee meets on compensation matters as and when required with respect to executive compensation. The primary goal of the Compensation Committee as it relates to compensation matters is to ensure that the compensation provided to the NEO's and the Company's other senior officers is determined with regard to the Company's business strategies and objectives, such that the financial interest of the senior officers is aligned with the financial interest of shareholders, and to ensure that their compensation is fair and reasonable and sufficient to attract and retain qualified and experienced executives. See "Corporate Governance Disclosure – Compensation Committee" below for further details regarding powers and operations of the committee.

As a whole, the members of the Compensation Committee have direct experience and skills relevant to their responsibilities in executive compensation, including with respect to enabling the Compensation Committee in making informed decisions on the suitability of the Company's compensation policies and practices.

Summary Compensation Table

The following table sets forth a summary of compensation paid or awarded to the Company's NEOs during the Company's three most recently completed financial years.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽³⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Greg Andrews ⁽²⁾⁽³⁾ President & CEO	2017	180,000	Nil	Nil	45,000	Nil	Nil	Nil	225,000
	2016	175,000	Nil	Nil	25,000	Nil	Nil	Nil	200,000
	2015	146,667	Nil	43,845	25,000	Nil	Nil	Nil	215,512
Matthew Anderson CFO	2017	Nil	Nil	Nil	Nil	Nil	Nil	20,040	20,040
	2016	Nil	Nil	Nil	Nil	Nil	Nil	19,800	19,800
	2015	Nil	Nil	3,579	Nil	Nil	Nil	25,194	28,773

Notes:

- (1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Risk-free interest rate:	Nil	Nil	1.50%
Expected dividend yield:	Nil	Nil	Nil
Expected volatility:	Nil	Nil	110%
Expected life of option:	Nil	Nil	4 years

The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company's financial statements.

- (2) On January 31, 2015, James Clucas resigned as the Chief Executive Officer and President and Greg Andrews was appointed as President. On October 20, 2015, Greg Andrews was appointed Chief Executive Officer of the Company.
- (3) During the NEOs' employment, the Company reimburses the NEO for all travel and other expenses actually, properly and necessarily incurred by the NEO in connection with the NEOs duties in accordance with the policies set from time to time by the Company and its subsidiaries, in their sole discretion. The NEO is required to furnish such receipts, vouchers or other evidence as are required by the Company and its subsidiaries to substantiate such expenses.

Narrative Discussion

The Company entered into an employment agreement dated February 1, 2016, with Chatham Ventures Ltd., ("**Chatham**"), a company owned by Greg Andrews, (the "**Andrews Agreement**") pursuant to which Greg Andrews provides services as Chief Executive Officer and President of the Company. Pursuant to the terms of the Andrews Agreement, the Company pays Chatham a service fee of \$ 15,000 per month. The Andrews Agreement will continue automatically for successive terms of one year. A description of the termination and change of control provisions of the Andrews Agreement are included under the heading "Termination and Change of Control Benefits" of this Circular.

On February 19, 2010, the Company entered into an agreement with Malaspina Consultants Inc. (the "**Malaspina Agreement**") pursuant to which Matthew Anderson, the Company's Chief Financial Officer, agreed to provide certain consulting services to the Company. The Malaspina Agreement commenced effective January 1, 2010 and may be terminated by either party on 60 days written notice to the other party. Under the terms of the Malaspina Agreement, the Company agreed to pay Mr. Anderson an hourly rate (fiscal 2016 - \$160 per hour), and Mr. Anderson is entitled to participate in any incentive stock option plan as may be available from time to time in the amounts, on the terms and at the time determined by the Board.

Incentive Plan Awards

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards granted to NEOs. The following table sets forth the outstanding option-based awards or each NEOs as at the end of 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 (\$) ⁽¹⁾	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 (\$)
Greg Andrews President & CEO	1,225,000	0.10	June 30, 2020	Nil	Nil	Nil	Nil
Matthew Anderson CFO	100,000 100,000	0.10 0.07	June 30, 2020 October 29, 2018	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Note:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on November 30, 2017, over the exercise price of the options. The market price for the Company’s common shares on November 30, 2017, was \$0.035.

Incentive Plan Awards – Value Vested or Earned During the Year

During the year ended November 30, 2017, no incentive plan awards vested or were earned by the NEOs.

Narrative Discussion

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which is attached as Schedule “A” to this Circular.

- The maximum aggregate number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding share capital of the Company, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the last closing price of the Company’s shares traded through the facilities of the TSX Venture Exchange (the “**Exchange**”) prior to the announcement of the option grant, or such other price as may be required or permitted by the Exchange, or if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
- The Board shall not grant options to any one person in any 12-month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.

3. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan. All options granted under the Stock Option Plan may not have an expiry date exceeding five years from the date on which the Board grants and announces the granting of the option.
4. If the option holder ceases to be a director, officer, employee or consultant of the Company (other than by reason of death) then the option granted shall expire on a date stipulated by the Board at the time of grant and, in any event, must terminate within 90 days after the date on which the option holder ceases to be a director, officer, employee or consultant, subject to the terms and conditions set out in the Stock Option Plan.

The Board retains the discretion to impose vesting periods on any options granted. In accordance with the policies of the Exchange, stock options granted to consultants performing investor relations services must vest in stages over a minimum of 12 months with no more than one-quarter of the stock options vesting in any three-month period.

Pension Plan Benefits

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

Termination and Change of Control Benefits

As indicated earlier in this Circular, the Company has entered into the Andrews Agreement with Chatham Ventures Ltd. Pursuant to the terms of the Andrews Agreement, if within twelve (12) months following a Change of Control (as defined below), the Andrews Agreement is terminated by the Company without cause, or if Mr. Andrews resigns with or without good cause within twelve (12) months following a Change of Control, then in either case he will be entitled to receive as severance an amount equal to two times his yearly remuneration or \$360,000. In addition, if Andrews Agreement is terminated without cause at any time other than following a Change of Control, Chatham is entitled to receive a severance payment of \$180,000.

A "Change of Control" is defined in the Andrews Agreement as (a) the acquisition, directly or indirectly, by any person or group of persons acting jointly or in concert, as such terms are defined in the *Securities Act* (British Columbia), of common shares of the Company which, when added to all other common shares of the Company at the time held directly or indirectly by such person or persons acting jointly or in concert, constitutes for the first time in the aggregate 50% or more of the outstanding common shares of the Company and such shareholding exceeds the collective shareholding of the current directors of the Company, excluding any directors acting in concert with the acquiring party; or (b) the removal, by special resolution of the shareholders of the Company, of more than 51% of the then incumbent Board, or the election of a majority of Board members to the Board who were not nominees of the Company's incumbent Board at the time immediately preceding such election; or (c) consummation of a sale of all or substantially all of the assets of the Company; or d) the consummation of a reorganization, plan of arrangement, merger or other transaction which has substantially the same effect as (a) to (c) above. The Company has not entered into any other contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement a change in control of the Company or a change in an NEOs responsibilities.

Director Compensation

The following table sets forth all amounts of compensation provided to the directors of the Company (other than directors who are also NEOs) during the Company's most recently completed financial year:

Name ⁽¹⁾	Fees Earned (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Jocelyn Bennett ⁽²⁾	3,000	Nil	Nil	Nil	Nil	Nil	3,000
James Clucas ⁽³⁾	56,250	Nil	Nil	Nil	Nil	75,000	131,250
David Dreisinger ⁽⁴⁾	Nil	Nil	Nil	Nil	Nil	90,000	90,000
Roberto Giannetti da Fonseca ⁽⁵⁾	18,000	Nil	Nil	Nil	Nil	Nil	18,000
George Molyviatis ⁽²⁾	3,000	Nil	Nil	Nil	Nil	Nil	3,000
James Patterson ⁽⁶⁾	13,500	Nil	Nil	Nil	Nil	Nil	13,500
Leo Power	16,500	Nil	Nil	Nil	Nil	Nil	16,500
Raymond Saunders ⁽⁷⁾	9,000	Nil	Nil	Nil	Nil	Nil	9,000

Notes:

- (1) The fair value of option-based awards is determined by the Black-Scholes Option Pricing Model with the following assumptions:
 Risk-free interest rate: N/A
 Expected dividend yield: N/A
 Expected volatility: N/A
 Expected life of option: N/A
 The Company has chosen the Black-Scholes methodology to calculate the grant date fair value of option-based awards as it is the methodology used in the Company's financial statements.
- (2) Became director on October 2, 2017.
- (3) Mr. Clucas ceased to be a director and executive chairman on October 2, 2017. The Company entered into an employment agreement dated June 1, 2010, as amended and restated on December 31, 2011, with Mr. Clucas, (the "**Clucas Agreement**"). Since Mr. Clucas' resignation as the Chief Executive Officer and President of the Company on January 31, 2015, Mr. Clucas has been acting as Executive Chairman of the Company on the same terms and conditions as provided for in the Clucas Agreement. Under the Clucas Agreement, the Company paid Mr. Clucas a fee totalling \$56,250 during the fiscal year ended November 30, 2017 and upon termination, a \$75,000 termination fee.
- (4) Mr. Dreisinger is the Vice-President Technologies of the Company and provides services pursuant to a consulting agreement between the Company and Mr. Dreisinger. Mr. Dreisinger received aggregate consulting fees of \$90,000 during the financial year ended November 30, 2017.
- (5) Mr. Giannetti da Fonseca resigned on February 13, 2018.
- (6) Mr. Patterson ceased to be a director on October 2, 2017.
- (7) Mr. Saunders passed away on May 26, 2017.

Narrative Discussion

Directors are compensated through the grant of stock options, however, no stock options were granted to directors in the last fiscal year. Independent directors are paid directors fee of \$1,500 per month, other than David Dreisinger, who is paid pursuant to a consulting agreement, as disclosed below. No director fees are payable to Mr. Dreisinger under the consulting agreement.

On January 1, 2012, the Company entered into a consulting agreement with David Dreisinger and on June 1, 2017 a new consulting agreement was entered into between the parties on substantially the same terms as the original agreement (the “**Dreisinger Agreement**”). Pursuant to the Dreisinger Agreement, Mr. Dreisinger agreed to perform the function of Vice President Technologies to the Company and in consideration thereof the Company agreed to pay Mr. Dreisinger a monthly consulting fee of \$7,500 (\$90,000 per year). By its terms, the Dreisinger Agreement is automatically amended based on changes to compensation approved by the Board. The Dreisinger Agreement is automatically renewed for successive terms of one year until earlier termination in accordance with its terms. No additional director fees are payable to Mr. Dreisinger under the Dreisinger Agreement.

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards granted to directors. The following table sets forth details of the outstanding option-based awards for each director of the Company (other than directors who are also NEOs) as at the end of 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 (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Jocelyn Bennett ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil
James Clucas ⁽³⁾	725,000 275,000	0.10 0.10	June 30, 2020 April 26, 2018	Nil Nil	Nil Nil	Nil Nil
David Dreisinger	1,000,000 225,000	0.10 0.10	June 30, 2020 April 26, 2018	Nil Nil	Nil Nil	Nil Nil
Roberto Giannetti da Fonseca ⁽⁴⁾	775,000 225,000	0.10 0.10	June 30, 2020 April 26, 2018	Nil Nil	Nil Nil	Nil Nil
George Molyviatis ⁽²⁾	Nil	Nil	Nil	Nil	Nil	Nil
James Patterson ⁽⁵⁾	775,000 225,000	0.10 0.10	June 30, 2020 April 26, 2018	Nil Nil	Nil Nil	Nil Nil
Leo Power	Nil	Nil	Nil	Nil	Nil	Nil
Raymond Saunders ⁽⁶⁾	1,000,000 225,000	0.10 0.10	June 30, 2020 April 26, 2018	Nil Nil	Nil Nil	Nil Nil

Notes:

- (1) “In-the-Money Options” means the excess of the market value of the Company’s shares on November 30, 2016, over the exercise price of the options. The market price for the Company’s common shares on November 30, 2016 was \$0.06.
- (2) Became director on October 2, 2017.
- (3) Mr. Clucas ceased to be a director on October 2, 2017, and, pursuant to his settlement agreement with the Company, was entitled to maintain the original expiry dates and other terms of his options.
- (4) Mr. Giannetti da Fonseca resigned on February 2, 2018, and his options will expire 90 days from the date thereof.
- (5) Mr. Patterson ceased to be a director on October 2, 2017, and pursuant to his settlement agreement with the Company was entitled to maintain the original expiry dates and other terms of his options.
- (6) Mr. Saunders passed away on May 26, 2017. If unexercised, the options will expire 12 months after his passing.

Incentive Plan Awards – Value Vested or Earned During the Year

During the year ended November 30, 2017, no incentive plan awards vested or were earned by the directors of the Company.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table provides information regarding the number of Common Share to be issued upon the exercise of outstanding options, the weighted average exercise price of the outstanding options and Common Shares remaining available for issuance under the Stock Option Plan, as at the end of the most recently completed financial year:

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 the securityholders	8,975,000	\$0.10	6,554,286
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
Total	8,975,000 ⁽¹⁾	\$0.10	6,554,286

Notes:

(1) In February 2018, the Company granted 5,050,000 options to officers, directors and consultants.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date of this Circular, none of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or any of its subsidiaries, is indebted to the Company or any of its subsidiaries pursuant to the purchase of securities or otherwise.

No individual who is, or at any time during the financial year ended November 30, 2017, was a director or executive officer of the Company, a proposed nominee for election as a director of the Company, or an associate of any such director, executive officer or proposed nominee, was indebted to the Company or any of its subsidiaries during the financial ended November 30, 2017, in connection with any security purchase program or other programs.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No “informed person” (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or proposed nominees for election to the Board, or any associates or affiliates of the foregoing, has any material interest, direct or indirect, in any transaction in which the Company has participated since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

APPOINTMENT OF AUDITOR

Auditor

Management intends to nominate Mao & Ying LLP (formerly SunRonkai LLP), Chartered Professional Accountants, for re-appointment as auditor of the Company to hold office until the next annual meeting of shareholders and to authorize the Board to fix the remuneration to be paid thereto. Mao & Ying LLP was first appointed as the Company’s auditor effective January 23, 2015.

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF MAO & YING LLP, CHARTERED PROFESSIONAL ACCOUNTANTS, AS AUDITOR OF THE COMPANY AND THE AUTHORIZING OF THE DIRECTORS TO FIX ITS REMUNERATION, UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS, HER OR ITS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT THEREOF.

MANAGEMENT CONTRACTS

Other than as disclosed elsewhere in this Circular, no Management functions of the Company or any of its subsidiaries are to any substantial degree performed by a person or company other than the directors or executive officers of the Company or any of its subsidiaries.

AUDIT COMMITTEE DISCLOSURE

The Company is required to have an audit committee (the “**Audit Committee**”) comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. The Audit Committee’s primary purpose is to assist the Board in fulfilling its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

Audit Committee Charter

The text of the Audit Committee’s Charter is attached as Schedule “B” to this Circular.

Composition of Audit Committee and Independence

The Company’s current Audit Committee consists of Greg Andrews, Jocelyn Bennett and Leo Power.

NI 52-110 provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Company’s Board, reasonably interfere with the exercise of the member’s independent judgment. Of the Company’s current Audit Committee members, Jocelyn Bennett and Leo Power are “independent” within the meaning of NI 52-110. Greg Andrews is not “independent” as he is also the President and Chief Executive Officer of the Company.

Relevant Education and Experience

NI 52-110 provides that an individual is “financially literate” if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. All of the members of the Audit Committee are “financially literate” as that term is defined. The following sets out the Audit Committee members’ education and experience that is relevant to the performance of his responsibilities as an audit committee member:

Greg Andrews

Mr. Andrews is the president and CEO of the Company. He has over 20 years of experience in strategic planning, financial and administrative management consulting to public and private companies. He has held positions as General Manager of a Registered Portfolio Management company, General Manager of a Private Family Office and President of a wholesale distribution company. Mr. Andrews has also held various directorships in TSX Venture listed companies since 1993, including those involved in mining, oil

and gas, technology and biotechnology. Mr. Andrews received his Bachelor of Commerce, Finance from the University of Calgary in 1984.

Jocelyn Bennett

Ms. Bennett is a senior partner and director in InCoR, a venture capital company. She is also a managing director of a fiduciary services company in Geneva, Switzerland. Ms. Bennett has a strong financial background and extensive accounting and corporate experience through her involvement with a number of private and public companies.

Leo Power

Mr. Power is a graduate of the Kellogg-Schulich Joint MBA program at York University and Northwestern University, Evanston, Illinois in 2005 and holds a Master of Oil and Gas Studies from Memorial University of Newfoundland and Labrador (2008). He is also a graduate of the Institute of Corporate Directors, Directors Education Program of the Rotman School of Management, University of Toronto (2009). Mr. Power currently acts as director of various private corporations.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, the Audit Committee of the Company has not made any recommendations to nominate or compensate an external auditor which were not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on:

- (a) the exemption in section 2.4 (in relation to *De Minimis Non-audit Services*) of NI 52-110;
- (b) the exemption in section 6.1.1(4) (in relation to *Circumstances Affecting the Business or Operations of the Venture Issuer*) of NI 52-110;
- (c) the exemption in section 6.1.1(5) (in relation to *Events Outside Control of Member*) of NI 52-110; or
- (d) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Policies and Procedures

Pursuant to the Audit Committee Charter, the Audit Committee shall pre-approve all non-audit services to be provided to the Company by the Company's external auditor.

Audit Fees

The following table sets forth the fees billed to the Company by Mao & Ying LLP (formerly SunRonkai LLP) the Company's auditor, for the last two fiscal years ended November 30, 2016 and November 30, 2017.

	<u>2016</u>	<u>2017</u>
Mao & Ying LLP, Chartered Professional Accountants	(\$)	(\$)
Audit fees ⁽¹⁾	25,000	25,000
Audit related fees ⁽²⁾	-	-
Tax fees ⁽³⁾	1,400	1,400
All other fees ⁽⁴⁾	-	-
Total	<u>26,400</u>	<u>26,400</u>

Notes:

- (1) “Audit fees” include aggregate fees billed by the Company’s external auditor in each of the last two fiscal years for audit fees.
- (2) “Audited related fees” include the aggregate fees billed in each of the last two fiscal years for assurance and related services by the Company’s external auditor that are reasonably related to the performance of the audit or review of the Company’s financial statements and are not reported under “Audit fees” above. The services provided 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.
- (3) “Tax fees” include the aggregate fees billed in each of the last two fiscal years for professional services rendered by the Company’s external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals.
- (4) “All other fees” include the aggregate fees billed in each of the last two fiscal years for products and services provided by the Company’s external auditor, other than “Audit fees”, “Audit related fees” and “Tax fees” above.

Exemption in Section 6.1 of NI 52-110

The Company is a “venture issuer” as defined in NI 52-110 and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (*Composition of Audit Committee*) and 5 (*Reporting Obligations*).

CORPORATE GOVERNANCE DISCLOSURE

Maintaining a high standard of corporate governance is a priority for the Board and Management as both believe that effective corporate governance will help create and maintain shareholder value in the long term. A description of the Company’s corporate governance practices, which addresses the matters set out in National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“**NI 58-101**”), is set out below:

NI 58-101 requires all reporting issuers to provide certain annual disclosure of their corporate governance practices with respect to the corporate governance guidelines (the “**Guidelines**”) adopted in National Policy 58-201 - - *Corporate Governance Guidelines* (“**NI 58-201**”). These Guidelines are not prescriptive but have been used by the Company in adopting its corporate governance practices. The Board and Management consider good corporate governance to be an integral part of the effective and efficient operation of Canadian corporations. The Company’s approach to corporate governance is set out below.

Composition of the Board

The Board currently consists of a total of five directors, of which three are considered “independent” within the meaning of NI 52-110. NI 58-201 suggests that the board of directors of every reporting issuer should be constituted with a majority of individuals who qualify as “independent” directors under NI 52-110, which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. The “material relationship” is defined as a relationship which could, in the view of the Board, reasonably interfere with the exercise of a director’s independent judgement. Jocelyn Bennett, George Molyviatis and Leo Power, are considered “independent” and Greg Andrews and David Dreisinger

are not “independent” within the meaning of NI 52-110 as they are executive officers of the Company. If all five nominees are elected the majority of the Board will be considered “independent”.

The Company holds regular meetings to approve quarterly and annual financial statement, Management and Discussion Analysis and other business at the time. The Company also holds meetings “as needed” in the course of business.

The Board has a stewardship responsibility to supervise the management of and oversee the conduct of the business of the Company, provide leadership and direction to Management, evaluate Management, set policies appropriate for the business of the Company and approve corporate strategies and goals. The day-to-day management of the business and affairs of the Company is delegated by the Board to the CEO and the President. The Board will give direction and guidance through the President to Management and will keep Management informed of its evaluation of the senior officers in achieving and complying with goals and policies established by the Board.

The Board recommends nominees to the shareholders for election as directors, and immediately following each annual general meeting appoints an Audit Committee, and the Compensation Committee and the chairperson of each committee. The Board establishes and periodically reviews and updates the committee mandates, duties and responsibilities of each committee, elects a chairperson of the Board and establishes his or her duties and responsibilities, appoints the CEO, CFO and President of the Company and establishes the duties and responsibilities of those positions and on the recommendation of both the CEO and the President, appoints the senior officers of the Company and approves the senior management structure of the Company.

The Board exercises its independent supervision over Management by its policies that (a) periodic meetings of the Board be held to obtain an update on significant corporate activities and plans; and (b) all material transactions of the Company are subject to prior approval of the Board. The Board shall meet not less than three times during each year and will endeavour to hold at least one meeting in each fiscal quarter. The Board will also meet at any other time at the call of the President, or subject to the Articles of the Company, of any director.

The mandate of the Board, as prescribed by the *Business Corporations Act* (British Columbia), is to manage or supervise management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company’s affairs directly and through its committees.

Directorships

The following directors of the Company are also directors of other reporting issuers as stated:

- Jocelyn Bennett is a director of Besra Gold Inc., which is a reporting issuer not listed on any exchange.
- David Dreisinger is a director of LeadFX Inc. (TSX) and Polymet Mining Corp. (TSX, NYSE American).
- George Molyviatis is a director of LeadFX Inc. (TSX)

Orientation and Continuing Education

The Board’s practice is to recruit to the Board only persons with extensive experience in the mining and mining exploration business and in public company matters. Prospective new board members are provided

a reasonably detailed level of background information, verbal and documentary, on the Company's affairs and plans prior to obtaining their consent to act as a director.

While the Company does not yet have a formal continuing education program, the directors individually and as a group are encouraged to keep themselves informed on changing corporate governance and legal issues. Each director is responsible for updating his/ her skills required to meet his/her obligations as directors and keep himself/herself informed about the Company's business and relevant developments outside the Company that effect its business. In addition, management assists directors by providing them with regular updates on relevant developments and other information that management considers of interest to the Board.

Ethical Business Conduct

The Board has adopted a formal written Code of Business Conduct (the "**Code**") for its directors, officers and employees. A copy of the Code is available by written request to the Company at #108, 901 West 3rd Street, North Vancouver, B.C. V7P 3P9, telephone number: (604) 998-3432; Attention: Corporate Secretary. In addition, the Board has adopted a Whistleblower Policy that provides employees the ability to contact the Chair of the Audit Committee.

The Board promotes ethical business conduct through the nomination of members it considers ethical, through avoiding and minimizing conflicts of interest and by having Board members that are independent of corporate matters. Where a director has a material interest in a transaction or agreement concerning the Company, the Board takes such steps as may be prudent to isolate and eliminate or reduce the potential for such a conflict of interest to interfere with the Board's exercise of independent judgement.

In accordance with applicable corporate law, any director who is in a position of conflict must refrain from voting on any resolution of the Board with respect to the conflict. The Board may also require the director to excuse himself or herself from deliberations of the Board.

In addition to the Code and the Whistleblower Policy, the Board has established other policies to encourage and promote a culture of ethical business conduct, including a Disclosure Policy, Insider Trading Policy and Health and Safety Policy.

Nomination of Directors

The Board identifies new candidates for board nomination by an informal process of discussion and consensus-building on the need for additional directors, the specific attributes being sought, likely prospects, and timing. Prospective directors are not approached until consensus is reached. This process takes place among the Chairman and a majority of the non-executive directors.

Compensation Committee

The Compensation Committee is a committee comprised of at least three directors whose primary purpose is to enable the Company to recruit, retain and motivate employees and ensure conformity between compensation and other corporate objectives and review and recommend for Board consideration, all compensation packages, both present and future, for the Company's Management and directors (including annual retainer, meeting fees, bonuses and option grants) including any severance packages. A majority of the members shall not be officers or employees of the Company and shall be unrelated, independent directors.

Members of the Compensation Committee are appointed or reappointed at the meeting of the Board following the Company's annual general meeting and from among the appointees to the Compensation

Committee, the Board shall appoint a chairperson (the “**Compensation Committee Chairperson**”). The duties of the Compensation Committee Chairperson include overseeing the proper functioning of the Compensation Committee to ensure the proper discharge of its duties, to schedule meetings and to ensure timely reporting to the Board.

The Compensation Committee will meet as often as may be necessary or appropriate in its judgment.

In exercising its mandate, the Compensation Committee sets the standards for the compensation of directors, employees and officers based on industry data and with the goal to attract, retain and motivate key persons to ensure the long-term success of the Company. Compensation generally includes the three following components: base salary, annual bonus based on performance and grant of stock options. The Compensation Committee takes into account the North American context of its activities and increased competition in the market for its key personnel while also taking into account the performance and objectives set forth for the Company.

The Compensation Committee is accountable to the Board and reports to the Board at its next regular meeting all deliberations and actions it has taken since any previous report. Minutes of Compensation Committee meetings will be available for review by any member of the Board on request to the Compensation Committee Chairperson.

The members of the Compensation Committee are George Molyviatis, Jocelyn Bennett and Leo Power, all of whom are independent directors.

Assessments

The Board annually reviews its own performance and effectiveness as well as the effectiveness and performance of its committees. Effectiveness is subjectively measured by comparing actual corporate results with stated objectives. The contributions of individual directors are informally monitored by other Board members, bearing to mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

The Board monitors the adequacy of information given to directors, communication between Board and Management and the strategic direction and processes of the Board and its committees.

The Board believes its corporate governance practices are appropriate and effective for the Company, given its size and operations. The Company’s corporate governance practices allow the Company to operate efficiently, with checks and balances that control and monitor management and corporate functions without excessive administration burden.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approving of Stock Option Plan

Summary of Stock Option Plan

The following information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, a copy of which is attached as Schedule “A” to this Circular.

1. The Stock Option Plan provides that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of the Company, options to purchase Common Shares of the Company for a period of up to ten years from the date of the grant.
2. The maximum number of shares that may be issued upon the exercise of stock options granted under the Stock Option Plan shall not exceed 10% of the issued and outstanding Common Shares at the time of grant, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the closing price of the Common Shares traded through the facilities of the Exchange prior to the announcement of the option grant, or, if the shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
3. The Board shall not grant options to any one person in any 12-month period which will, when exercised, exceed 5% of the issued and outstanding shares of the Company or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed 2% of the issued and outstanding shares of the Company.
4. Upon expiry of an option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Stock Option Plan.
5. If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case may be, then the option granted shall expire on no later than the 30th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Stock Option Plan.

As of the date of this Circular, a total of 13,925,000 Common Shares were issuable pursuant to options granted under the Stock Option Plan, representing 8.92% of the issued and outstanding Common Shares.

Approval of the Stock Option Plan

As the Stock Option Plan provides for a rolling maximum number of Common Shares which may be issuable upon the exercise of options granted under the Stock Option Plan, Exchange Policy 4.4 requires that the Stock Option Plan receive shareholder approval each year at the annual shareholders' meeting. Accordingly, Shareholders are being asked to consider and, if thought appropriate, pass a resolution approving the Stock Option Plan. The Stock Option Plan was initially adopted by the directors of the Company on April 18, 2011 and amended pursuant to section 6.1 of the Stock Option Plan by the directors of the Company on October 19, 2016.

The complete text of the resolution which Management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

“WHEREAS the policies of the TSX Venture Exchange require annual shareholder approval for the continuation of the rolling stock option plan of the Company (the **“Stock Option Plan”**);

“BE IT IS RESOLVED THAT:

1. the Stock Option Plan, in the form attached as Schedule “A” to this Circular, is hereby authorized and approved; and
2. any one officer or director of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion in order to give effect to this resolution, the execution of such document or the doing of any such other act or thing being conclusive evidence of such determination.”

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RESOLUTION TO APPROVE THE STOCK OPTION PLAN IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY THE SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF THE STOCK OPTION PLAN.

Approving the Creation of New Control Person

At the Meeting, the disinterested shareholders of the Company will be asked to consider and, if deemed advisable, to approve, an ordinary resolution (the “**Control Person Resolution**”) approving InCoR becoming a “Control Person” of the Company (as such term is defined in the policies of the Exchange).

The information concerning InCoR in this Circular has been provided to the Company by InCoR. Although the Company has no knowledge that would indicate that any such information is untrue or incomplete, the Company does not assume any responsibility for the accuracy or completeness of such information.

Background

On September 7, 2017, the Company announced that it had entered into a term sheet with InCoR for a financing of \$500,000 by way of a private placement (the “**Financing**”) of secured convertible debentures (“**Debentures**”). The Financing closed in two tranches: On October 2, 2017, the Company closed the first tranche of \$150,000 of the Debentures and on October 27, 2017, the final tranche of \$350,000 of the Debentures closed. The Financing received final approval of the Exchange on March 12, 2018.

On December 29, 2017, InCoR acquired 25,203,334 Common Shares of the Company from Sercor Ltd. by way of private agreement. After giving effect to this acquisition, InCoR owns or has control or direction over an aggregate of 30,453,334 Common Shares representing approximately 19.51% of the issued and outstanding common shares of the Company.

InCoR’s Common Share Ownership		% issued and outstanding
Before extension and conversion of the Debentures:	30,453,334	19.51 % (156,092,857 issued and outstanding Common Shares)
Assuming full extension and conversion of the Debentures:	52,536,666	29.5 % (178,176,189 issued and outstanding Common Shares)

While InCoR is under no obligation to extend the maturity date of the Debentures or to convert them, if the Debentures are converted, InCoR will become a Control Person (as such term is defined in the policies of the Exchange). Therefore, in order to satisfy compliance with the policies of the Exchange, disinterested shareholder approval is required for InCoR to exercise its conversion rights under the Debentures.

InCoR is a private venture capital and holding company in the natural resource sector, with particular expertise in mining and mining technologies. InCoR is based in London, England and has been an investor of the Company since 2010.

Terms of the Debenture

The Debentures have a maturity date of one year from the date of issuance and bear simple interest at a rate of 15% per annum, calculated and paid semi-annually, in cash or, at InCoR's option, convertible into units of the Company ("Units") at a conversion price of \$0.06 per Unit. Each Unit will be comprised of one common share of the Company (a "Share") and one common share purchase warrant (a "Warrant") with each Warrant entitling the holder thereof to acquire one additional Share (a "Warrant Share") at an exercise price of \$0.07 per Warrant Share for five years from the date of issuance of the Debentures. The Debentures are secured by a general security agreement over all of the Company's assets and a share pledge agreement pursuant to which the Company has pledged all of the shares of its wholly owned subsidiary, Altera Resources Inc.

In connection with the Financing, InCoR was provided with the right to appoint two directors to the Board, Ms. Jocelyn Bennett and Mr. George Molyviatis, who are nominated by management for re-election at the Meeting.

Purpose of the Control Person Resolution

Under the policies of the Exchange, a "Control Person" is defined as any person that holds or is one of a combination of persons that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting shares of an issuer, except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

Under subsection 1.12 of TSXV Policy 4.1 (Private Placements), if an issuance of Common Shares results in the creation of a new Control Person, the Exchange requires disinterested shareholder approval as a pre-condition to the exercise of conversion rights under the Debentures.

There are currently 156,092,857 Common Shares issued and outstanding. InCoR beneficially owns, or controls or directs, directly or indirectly, 30,453,334 Common Shares (representing 19.51% of the Common Shares). If the Company extends the term of the Debentures to 18 months and InCoR were to hold the Debentures to the extended maturity date, convert the full amount of principal, interest and extension fees into Units, InCoR would be issued an aggregate of 11,041,666 Units. Assuming the full exercise of Warrants issued in connection with the Units, InCoR would acquire an aggregate of 22,083,332 Common Shares under the Debentures and InCoR would own an aggregate of 52,536,666 Common Shares representing approximately 29.5% of the outstanding Common Shares, expressed on a non-diluted basis. As such, the Company is seeking shareholder approval of the creation of a "Control Person".

Shareholder Approval

In order to pass, pursuant to subsection 1.12(e)(i) of TSXV Policy 4.1, the Control Person Resolution must be approved by a simple majority of Shareholders holding more than 50% of the votes cast by the

disinterested Shareholders in person or by proxy at the Meeting, which votes shall exclude the votes attached to all Common Shares held by InCoR and its associates and affiliates.

In virtue of their respective positions with InCoR, each of George Molyviatis and Jocelyn Bennett have an interest in the Control Person Resolution. In virtue of his position with InCoR Technologies Limited, a subsidiary of InCoR, Mr. Dreisinger may be considered an associate or affiliate of InCoR. As such, no common shares held or over which control or direction is exercised by InCoR, Mr. Molyviatis, Ms. Bennett and Mr. Dreisinger, if any, are eligible to be voted in respect of the Control Person Resolution.

Recommendation of the Board

Greg Andrews and Leo Power, being both independent directors in respect of the Control Person Resolution, have indicated their support for the Control Person Resolution.

Management recommends, and the persons named in the enclosed form of proxy intend to vote in favour of the resolutions approving InCoR as a new Control Person of the Company.

InCoR has not indicated to the Company that it intends to convert any of its Debentures and, notwithstanding that disinterested Shareholders may approve the Control Person Resolution, InCoR may refrain from converting its Debentures and not increase its shareholdings in the Company to 20% or above.

If approval of the Control Person Resolution is not obtained, then the Debentures may only be converted in those circumstances where the aggregate number of Common Shares held by InCoR following such conversion do not equal or exceed 20% of the issued and outstanding Common Shares of the Company. InCoR has provided an undertaking to the Exchange to this effect. In all other respects, the Debentures would remain secured obligations of the Company and repayable in accordance with their terms.

Shareholders are therefore being asked to approve the Control Person Resolution. The complete text of the Control Person Resolution which Management intends to place before the Meeting for approval, confirmation and adoption, with or without modification, is as follows:

“BE IT RESOLVED THAT:

1. the creation of InCoR Holdings PLC (“**InCoR**”) as a new “Control Person” (as such term is defined in the policies of the TSX Venture Exchange) of the Company upon the conversion of the Debentures issued to InCoR, on such terms as are more particularly described in this Circular, be and is hereby authorized and approved; and
2. any one officer or director of the Company be and is hereby authorized for and on behalf of the Company to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual’s discretion in order to give effect to this resolution, the execution of such document or the doing of any such other act or thing being conclusive evidence of such determination.”

COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE CONTROL PERSON RESOLUTION IN THE ABSENCE OF DIRECTION TO THE CONTRARY FROM THE SHAREHOLDER APPOINTING THEM. AN AFFIRMATIVE VOTE OF A MAJORITY OF THE VOTES CAST BY THE DISINTERESTED SHAREHOLDERS AT THE MEETING IS SUFFICIENT FOR THE APPROVAL OF CONTROL PERSON RESOLUTION.

General Matters

It is not known whether any other matters will come before the Meeting other than those set forth above and in the Notice of Meeting, but if any other matters do arise, the person named in the Proxy intends to vote on any poll, in accordance with his or her best judgement, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

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

Except as described below, no director or executive officer of the Company or any proposed nominee of Management for election as a director of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, since the beginning of the Company's last financial year in matters to be acted upon at the Meeting, other than the election of directors, the appointment of auditors, the confirmation of the Stock Option Plan and the Control Person Resolution.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Financial information about the Company is provided in the Company's comparative annual consolidated financial statements to November 30, 2017, a copy of which, together with Management's Discussion and Analysis thereon, can be found on the Company's SEDAR profile at www.sedar.com. Additional financial information concerning the Company may be obtained by any securityholder of the Company free of charge by contacting the Company, at 604-998-3432.

BOARD APPROVAL

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

DATED at Vancouver, British Columbia, the 16th day of March, 2018.

ON BEHALF OF THE BOARD

(signed) "*Greg Andrews*"

Greg Andrews
Director, President and Chief Executive Officer

**SCHEDULE “A”
STOCK OPTION PLAN**

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Definitions

As used herein, unless anything in the subject matter or context is inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “Administrator” means, initially, the secretary of the Company and thereafter shall mean such director or other senior officer or employee of the Company as may be designated as Administrator by the Board from time to time;
- (b) “affiliate” has the meaning ascribed thereto in the Exchange Corporate Finance Manual;
- (c) “associate” has the meaning ascribed thereto in the *Securities Act*;
- (d) “Award Date” means the date on which the Board grants a particular Option;
- (e) “Board” means the board of directors of the Company;
- (f) “Change of Control” means the acquisition by any person or by any person and a joint actor, whether directly or indirectly, of voting securities of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a joint actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board;
- (g) “Company” means Search Minerals Inc.;
- (h) “Consultant” means a person, other than an Employee or a Director, that:
 - (i) is engaged to provide on an ongoing *bona fide* basis consulting, technical, management or other services to the Company or to an affiliate of the Company, other than services provided in relation to a distribution,
 - (ii) provides the services under a written contract with Company or the affiliate,
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an affiliate of the Company, and
 - (iv) has a relationship with the Company or an affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company;

and includes

- (v) for a Consultant who is an individual, a corporation of which the individual is an employee or shareholder, and a partnership of which the individual is an employee or partner; and
- (vi) for a Consultant that is not an individual, an employee, executive officer, or director of the Consultant, provided that the individual employee, executive officer, or director spends or will spend a significant amount of time and attention on the affairs and business of the Company or a related entity of the Company;
- (i) “Director” means a director or officer of the Company or an affiliate of the Company to whom Options can be granted in reliance on a prospectus exemption under applicable securities laws;
- (j) “Discounted Market Price” has the meaning ascribed to such term in the Exchange Corporate Finance Manual;

- (k) “Disinterested Shareholder Approval” means approval by a majority of the votes cast by all the Company’s shareholders at a duly constituted shareholders’ meeting, excluding votes attached to shares of the Company beneficially owned by insiders to whom options may be granted under the Plan and their associates and affiliates;
- (l) “Employee” means:
 - (i) an individual who is considered an employee of the Company or its subsidiary under the *Income Tax Act* (Canada) (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 Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work, as an employee of the Company, but for whom income tax deductions are not made at source, or
 - (iii) an individual who works for the Company or its subsidiary 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 Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (m) “Exchange” means the TSX Venture Exchange or, if the Shares are no longer listed for trading on the TSX Venture Exchange, such other exchange or quotation system on which the Shares are listed or quoted for trading;
- (n) “Exchange Corporate Finance Manual” means the exchange corporate finance manual of the Exchange, as amended and in force from time to time;
- (o) “Exercise Notice” means the notice respecting the exercise of an Option in the form set out as Schedule “B” hereto, duly executed by the Option Holder;
- (p) “Exercise Period” means the period during which a particular Option may be exercised and is the period from and including the Award Date through to and including the Expiry Date, subject to the provisions of the Plan relating to the vesting of Options;
- (q) “Exercise Price” means the price at which an Option may be exercised as determined in accordance with paragraph 3.3;
- (r) “Expiry Date” means the date determined in accordance with paragraphs 3.4 and 3.8 and after which a particular Option cannot be exercised;
- (s) “insider” has the meaning ascribed thereto in the *Securities Act*;
- (t) “Investor Relations Activities” has the meaning ascribed thereto in the *Securities Act*;
- (u) “Market Price” has the meaning ascribed to such term in the Exchange Corporate Finance Manual, rounded down to the nearest whole cent;
- (v) “Option” means an option to acquire Shares, awarded to a Director, Employee or Consultant pursuant to the Plan;
- (w) “Option Certificate” means the certificate, substantially in the form set out as Schedule “A” hereto, evidencing an Option;
- (x) “Option Holder” means a Director, Employee or Consultant, or a former Director, Employee or Consultant, who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person;
- (y) “Plan” means this stock option plan;
- (z) “Personal Representative” means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so, and

- (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder;
- (aa) “Securities Act” means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof; and
- (bb) “Share” or “Shares” means, as the case may be, one or more common shares without par value in the capital of the Company.

1.2 Choice of Law

The Plan is established under and the provisions of the Plan are to be interpreted and construed in accordance with the laws of the Province of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

1.4 Prior Plan

The Plan supersedes and replaces the Company’s stock option plan dated February 13, 2007, as amended from time to time, and most recently approved by the Company’s shareholders on May 7, 2010. All options previously granted by the Company that are outstanding as at the date of the Plan shall be deemed to be granted under the Plan and to be Options which are subject to the terms and conditions hereof.

ARTICLE 2 PURPOSE AND PARTICIPATION

2.1 Purpose

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Directors, Employees and Consultants, to reward such of those Directors, Employees and Consultants as may be awarded Options under the Plan by the Board from time to time for their contributions toward the long term goals of the Company and to enable and encourage such Directors, Employees and Consultants to acquire Shares as long term investments.

2.2 Participation

The Board shall, from time to time, in its sole discretion determine those Directors, Employees and Consultants, if any, to whom Options are to be awarded. If the Board elects to award an Option to a Director, the Board shall, in its sole discretion but subject to paragraph 3.2, determine the number of Shares to be acquired on the exercise of such Option. A director of the Company to whom an Option may be granted shall not participate in the decision of the Board to grant such Option. If the Board elects to award an Option to an Employee or Consultant, the number of Shares to be acquired on the exercise of such Option shall be determined by the Board in its sole discretion, and in so doing the Board may take into account the following criteria:

- (a) the remuneration paid to the Employee or Consultant as at the Award Date in relation to the total remuneration payable by the Company to all of its Employees and Consultants as at the Award Date;
- (b) the length of time that the Employee or Consultant has been employed or engaged by the Company;

- (c) the quality of work performed by the Employee or Consultant; and
- (d) any other factors which it may deem proper and relevant.

2.3 Notification of Award

Following the approval by the Board of the awarding of an Option, the Administrator shall notify the Option Holder in writing of the award and shall enclose with such notice the Option Certificate representing the Option so awarded.

2.4 Copy of Plan

Each Option Holder, concurrently with the notice of the award of the Option, shall be provided with a copy of the Plan, unless a copy has been previously provided to the Option Holder. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

2.5 Limitation

The Plan does not give any Option Holder that is a Director the right to serve or continue to serve as a Director of the Company nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company. Participation in the Plan by an Option Holder is voluntary.

ARTICLE 3 TERMS AND CONDITIONS OF OPTIONS

3.1 Board to Allot Shares

The Shares to be issued to Option Holders upon the exercise of Options shall be allotted and authorized for issuance by the Board prior to the exercise thereof.

3.2 Number of Shares

The maximum number of Shares issuable under the Plan, together with the number of Shares issuable under outstanding options granted otherwise than under the Plan, shall not exceed 10% of the Shares outstanding from time to time. Additionally, the Company shall not grant Options:

- (a) to any one person in any 12 month period which could, when exercised, result in the issuance of Shares exceeding five percent (5%) of the issued and outstanding Shares of the Company unless the Company has obtained the requisite Disinterested Shareholder Approval to the grant; or
- (b) to any one Consultant in any 12 month period which could, when exercised, result in the issuance of Shares exceeding 2% of the issued and outstanding Shares of the Company; or
- (c) in any 12 month period, to persons employed or engaged by the Company to perform Investor Relations Activities which could, when exercised, result in the issuance of Shares exceeding, in aggregate, 2% of the issued and outstanding Shares of the Company.

If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect of which Option expired or terminated shall again be available for the purposes of the Plan.

3.3 Exercise Price

The Exercise Price shall be that price per share, as determined by the Board in its sole discretion as of the Award Date, at which an Option Holder may purchase a Share upon the exercise of an Option. The Exercise Price shall not be less than the closing price of the Company's Shares traded through the facilities of the Exchange on the day preceding the Award Date, less any discount permitted by the Exchange, or such other price as may be required by the Exchange. Any reduction in the exercise price of an Option held by an Option Holder who is an insider of the Company at the time of the proposed reduction will require Disinterested Shareholder Approval.

3.4 Term of Option

Subject to paragraph 3.5, the Expiry Date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall not be later than the tenth anniversary of the Award Date of the Option.

3.5 Termination of Option

An Option Holder may, subject to any vesting provisions applicable to Options hereunder, exercise an Option in whole or in part at any time or from time to time during the Exercise Period provided that, with respect to the exercise of part of an Option, the Board may at any time and from time to time fix a minimum or maximum number of Shares in respect of which an Option Holder may exercise part of any Option held by such Option Holder. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of 5:00 p.m. local time in Vancouver, British Columbia, on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Board at the time the Option is awarded and the date established, if applicable, in sub-paragraphs (a) to (c) below (the "Early Termination Date"):

(a) Death

In the event that the Option Holder should die while he or she is still a Director (if he or she holds his or her Option as Director) or Employee or Consultant (if he or she holds his or her Option as Employee or Consultant), the Early Termination Date shall be twelve (12) months from the date of death of the Option Holder; or

(b) Ceasing to Hold Office

In the event that the Option Holder holds his or her Option as Director of the Company and such Option Holder ceases to be a Director of the Company other than by reason of death, the Early Termination Date of the Option shall be the 90th day (or, in the case of a Director who continues to be an Employee or Consultant, the 180th day) following the date the Option Holder ceases to be a Director of the Company unless the Option Holder ceases to be a Director of the Company as a result of:

- (i) ceasing to meet the qualifications set forth in the *Business Corporations Act* (British Columbia), or
- (ii) a resolution having been passed by the shareholders of the Company pursuant to the *Business Corporations Act* (British Columbia) removing the Director as such, or
- (iii) by order of the British Columbia Registrar of Companies, British Columbia Securities Commission, the Exchange or any other regulatory body having jurisdiction to so order,

in which case the Early Termination Date shall be the date the Option Holder ceases to be a Director of the Company.

(c) Ceasing to be an Employee or a Consultant

In the event that the Option Holder holds his or her Option as an Employee or Consultant of the Company and such Option Holder ceases to be an Employee or Consultant of the Company other than by reason of death, the Early Termination Date of the Option shall be the 90th day (or, in the case of an Employee or Consultant who continues to be in a different position with the Company, the 180th day) following the date the Option Holder ceases to be in that position unless the Option Holder ceases to be an Employee or Consultant of the Company as a result of:

- (i) termination for cause or, in the case of a Consultant, breach of contract, or
- (ii) by order of the British Columbia Registrar of Companies, British Columbia Securities Commission, the Exchange or any other regulatory body having jurisdiction to so order,

in which case the Early Termination Date shall be the date the Option Holder ceases to be an Employee or Consultant of the Company.

Notwithstanding the foregoing, the Early Termination Date for Options granted to any Option Holder engaged primarily to provide Investor Relations Activities shall be the 30th day following the date that the Option Holder ceases to be employed in such capacity, unless the Option Holder continues to be engaged by the Company as an Employee or Director, in which case the Early Termination Date shall be determined as set forth above.

3.6 Hold Period and Vesting Requirements

The Company may grant Options without an Exchange hold period provided that the Option is not granted to an insider or promoter of the Company and provided that the Exercise Price of an Option is based on the Market Price and not at a discount to the Market Price.

All Options granted pursuant to the Plan will be subject to such vesting requirements as may be prescribed by the Exchange, if applicable, or as may be imposed by the Board. All Options granted to Consultants performing investor relations activities will vest in stages over 12 months with no more than one-quarter of the Options vesting in any three-month period.

The Option Certificate representing any such Option will disclose any vesting conditions.

3.7 Effect of a Take-Over Bid

If a *bona fide* offer (an “Offer”) for Shares is made to an Option Holder or to shareholders of the Company generally or to a class of shareholders which includes the Option Holder, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of the *Securities Act*, the Company shall, immediately upon receipt of notice of the Offer, notify each Option Holder of the full particulars of the Offer, whereupon all Shares subject to Options will become vested and the Options may be exercised in whole or in part by each Option Holder so as to permit each Option Holder to tender the Shares received upon exercise of his Options, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Shares acquired by the Option Holder on the exercise of his Option and tendered pursuant to the Offer are not taken up or paid for by the offeror in respect thereof;

then the Shares received upon the exercise of such Options, or in the case of clause (b) above, the Shares that are not taken up and paid for, may be returned by each Option Holder to the Company and reinstated as authorized but unissued Shares and with respect to such returned Shares, the Options shall be reinstated as if they had not been exercised and the terms upon which such Shares were to become vested pursuant to paragraph 3.6 shall be reinstated. If any Shares are returned to Company under this paragraph 3.7, the Company shall immediately refund the exercise price to the Option Holder for such Shares.

3.8 Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised an Offer is made by an offeror, the Board may, upon notifying each Option Holder of full particulars of the Offer, declare vested all Shares issuable upon the exercise of Options granted under the Plan, and, notwithstanding paragraphs 3.4 and 3.5, declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer.

3.9 Effect of Reorganization, Amalgamation or Merger

If the Company is reorganized, amalgamated or merges with or into another Company, at the discretion of the Board, any Shares receivable on the exercise of an Option shall be converted into the securities, property or cash which the Option Holder would have received upon such reorganization, amalgamation or merger if the Option Holder had exercised his Option immediately prior to the record date applicable to such reorganization, amalgamation or merger, and the exercise price shall be adjusted appropriately by the Board and such adjustment shall be binding for all purposes of the Plan.

3.10 Effect of Change of Control

If a Change of Control occurs, all Shares subject to each outstanding Option will become vested, subject to any required approval of the Exchange, whereupon all Options may be exercised in whole or in part by the Option Holder.

3.11 Assignment of Options

Options may not be assigned or transferred, provided however that the Personal Representative of an Option Holder may, to the extent permitted by paragraph 4.1, exercise the Option within the Exercise Period.

3.12 Adjustments

If, prior to the complete exercise of any Option, the Shares are consolidated, subdivided, converted, exchanged or reclassified or in any way substituted for (collectively the “Event”) other shares of the Company, an Option, to the extent that it has not been exercised, shall be adjusted by the Board in accordance with such Event in the manner the Board deems appropriate. No fractional Shares shall be issued upon the exercise of any Option and accordingly, if as a result of the Event, an Option Holder would become entitled to a fractional Share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made with respect to the fractional interest so disregarded.

3.13 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement

If an Option Holder retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Certificate with respect to the right to purchase Shares which were not vested at the time or which, if vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Option Holder.

ARTICLE 4 EXERCISE OF OPTION

4.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time or from time to time during the Exercise Period up to 5:00 p.m. local time in Vancouver, British Columbia on the Expiry Date by delivering to the Administrator an Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft payable to the Company in an amount equal to the aggregate Exercise Price of the Shares to be purchased pursuant to the exercise of the Option.

4.2 Issue of Share Certificates

As soon as practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares purchased pursuant to the exercise of the Option. If the number of Shares purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall forward a new Option Certificate to the Option Holder concurrently with delivery of the aforesaid share certificate for the balance of Shares available under the Option.

4.3 Condition of Issue

The issue of Shares by the Company pursuant to the exercise of an Option is subject to this Plan and compliance with the laws, rules and regulations of all regulatory bodies applicable to the issuance and distribution of such Shares and to the listing requirements of the Exchange or any stock exchange on which the Shares may be listed. The Option Holder agrees to comply with all such laws, rules and regulations and agrees to furnish to the Company any information, report and/or undertakings required to comply with and to fully co-operate with the Company in complying with such laws, rules and regulations.

ARTICLE 5 ADMINISTRATION

5.1 Administration

The Plan shall be administered by the Administrator on the instructions of the Board or a special committee of the Board appointed from time to time by the Board. The Board may make, amend and repeal at any time and from time to time such regulations not inconsistent with the Plan as it may deem necessary or advisable for the proper administration and operation of the Plan and such regulations shall form part of the Plan. The Board may delegate to the Administrator or any Director or Employee of the Company such administrative duties and powers as it may see fit.

5.2 Interpretation

The interpretation by the Board of any of the provisions of the Plan and any determination by it pursuant thereto shall be final and conclusive and shall not be subject to any dispute by any Option Holder. No member of the Board or any person acting pursuant to authority delegated by it hereunder shall be liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Board and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

5.3 Withholding

The Company may withhold from any amount payable to an Option Holder, either under this Plan or otherwise, such amount as may be necessary to enable the Company to comply with the applicable requirements of any federal, provincial, state or local law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to grants hereunder (the "Withholding Obligations"). The Company shall also have the right in its discretion to satisfy any liability for any Withholding Obligations by selling, or causing a broker to sell, on behalf of any Option Holder such number of Shares issued to the Option Holder sufficient to fund the Withholding Obligations (after deducting commissions payable to the broker), or retaining any amount payable which would otherwise be delivered, provided or paid to the Option Holder hereunder.

The Company may require an Option Holder, as a condition to exercise of an Option, to make such arrangements as the Company may require so that the Company can satisfy applicable Withholding Obligations with respect to such exercise, including, without limitation, requiring the Option Holder to: (i) remit the amount of any such Withholding Obligations to the Company in advance; (ii) reimburse the Company for any such Withholding Obligations; (iii) authorize the Company to sell, on behalf of the Option Holder, all of the Shares issuable upon exercise of such Options or such number of Shares as is required to satisfy the Withholding Obligations and to retain such portion of the net proceeds (after payment of applicable commissions and expenses) from such sale the amount required to satisfy any such Withholding Obligations; or (iv) cause a broker who sells Shares acquired by the Option Holder under the Plan on behalf of the Option Holder to withhold from the proceeds realized from such sale the amount required to satisfy any such Withholding Obligations and to remit such amount directly to the Company. The Company undertakes to remit any such amount to the applicable taxation or regulatory authority on account of such Withholding Obligations.

Any Shares of a Option Holder that are sold by the Company, or by a broker engaged by the Company (the "Broker"), to fund Withholding Obligations will be sold as soon as practicable in transactions effected on the Exchange or such other stock exchange where the majority of the trading volume and value of the Shares occurs. In effecting the sale of any such Shares, the Company or the Broker will exercise its sole judgement as to the timing and manner of sale and will not be obligated to seek or obtain a minimum price. Neither the

Company nor the Broker will be liable for any loss arising out of any sale of such Shares including any loss relating to the manner or timing of such sales, the prices at which the Shares are sold or otherwise. In addition, neither the Company nor the Broker will be liable for any loss arising from a delay in transferring any Shares to an Option Holder. The sale price of Shares sold on behalf of Option Holders will fluctuate with the market price of the Company's shares and no assurance can be given that any particular price will be received upon any such sale.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1 Prospective Amendment

Subject to applicable regulatory and, if required by any relevant law, rule or regulation applicable to the Plan, to shareholder approval, the Board may from time to time amend the Plan and the terms and conditions of any Option thereafter to be granted and, without limiting the generality of the foregoing, may make such amendment for the purpose of meeting any changes in any relevant law, rule or regulation applicable to the Plan, any Option or the Shares or for any other purpose which may be permitted by all relevant laws, rules and regulations, provided always that any such amendment shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to such amendment. Notwithstanding the foregoing, the Board may, subject to the requirements of the Exchange, amend the terms upon which each Option shall become vested with respect to Shares without further approval of the Exchange, other regulatory bodies having authority over the Company, the Plan or the shareholders.

6.2 Retrospective Amendment

Subject to applicable regulatory and, if required by any relevant law, rule or regulation applicable to the Plan, to shareholder approval, the Board may from time to time retrospectively amend the Plan and, with the consent of the affected Option Holders, retrospectively amend the terms and conditions of any Options which have been previously granted. For greater certainty, the policies of the Exchange currently require that disinterested shareholder approval be obtained for any reduction in the Exercise Price of any Option held by an insider of the Company.

6.3 Termination

The Board may terminate the Plan at any time provided that such termination shall not alter the terms or conditions of any Option or impair any right of any Option Holder pursuant to any Option awarded prior to the date of such termination. Notwithstanding the termination of the Plan, the Company, Options awarded under the Plan, Option Holders and Shares issuable under Options awarded under the Plan shall continue to be governed by the provisions of the Plan.

6.4 Agreement

The Company and every person to whom an Option is awarded hereunder shall be bound by and subject to the terms and conditions of the Plan.

6.5 No Shareholder Rights

An Option Holder shall not have any rights as a shareholder of the Company with respect to any of the Shares covered by an Option until the Option Holder exercises such Option in accordance with the terms of the Plan and the issuance of the Shares by the Company.

6.6 Record Keeping

The Company shall maintain a register in which shall be recorded the name and address of each Option Holder, the number of Options granted to an Option Holder, the details thereof and the number of Options outstanding.

6.7 No Representation or Warranty

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

6.8 Option Holder Status

For stock options granted to Employees or Consultants, the Company represents that each such Option Holder will be a *bona fide* Employee or Consultant, as the case may be.

**ARTICLE 7
APPROVALS REQUIRED FOR PLAN**

7.1 Approvals Required for Plan

Prior to its implementation by the Company, the Plan is subject to approval by the Exchange. The Company will obtain disinterested shareholder approval of Options if the Plan, together with all of the Company's previously established and outstanding stock option plans or grants, could result at any time in the grant to insiders, within a 12 month period, of a number of Options exceeding 10% of the issued shares of the Company.

7.2 Substantive Amendments to Plan

Any substantive amendments to the Plan shall be subject to the Company first obtaining the approvals of:

- (a) the shareholders or disinterested shareholders, as the case may be, of the Company at a general meeting where required by the rules and policies of the Exchange or any stock exchange on which the Shares may be listed for trading; and
- (b) the Exchange or any stock exchange on which the Shares may be listed for trading.

SCHEDULE “B” AUDIT COMMITTEE CHARTER

The audit committee is a committee of the board of directors to which the board delegates its responsibilities for the oversight of the accounting and financial reporting process and financial statement audits.

The audit committee will:

- (a) review and report to the board of directors of the Company on the following before they are published:
 - (i) the financial statements and MD&A (management discussion and analysis) (as defined in National Instrument 51-102) of the Company;
 - (ii) the auditor’s report, if any, prepared in relation to those financial statements,
- (b) review the Company’s annual and interim earnings press releases before the Company publicly discloses this information,
- (c) satisfy itself that adequate procedures are in place for the review of the Company’s public disclosure of financial information extracted or derived from the Company’s financial statements and periodically assess the adequacy of those procedures,
- (d) recommend to the board of directors:
 - (i) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company; and
 - (ii) the compensation of the external auditor,
- (e) oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting,
- (f) monitor, evaluate and report to the board of directors on the integrity of the financial reporting process and the system of internal controls that management and the board of directors have established,
- (g) monitor the management of the principal risks that could impact the financial reporting of the Company,
- (h) establish procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters,

- (i) pre-approve all non-audit services to be provided to the Company or its subsidiary entities by the Company's external auditor,
- (j) review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company, and
- (k) with respect to ensuring the integrity of disclosure controls and internal controls over financial reporting, understand the process utilized by the Chief Executive Officer and the Chief Financial Officer to comply with Multilateral Instrument 52-109.

Composition of the Committee

The committee will be composed of 3 directors from the Company's board of directors, a majority of whom will be independent. Independence of the Board members will be as defined by applicable legislation and as a minimum each independent committee member will have no direct or indirect relationship with the Company which, in the view of the board of directors, could reasonably interfere with the exercise of a member's independent judgment.

All members of the committee will be financially literate as defined by applicable legislation. If, upon appointment, a member of the committee is not financially literate as required, the person will be provided a three month period in which to achieve the required level of literacy.

Authority

The committee has the authority to engage independent counsel and other advisors as it deems necessary to carry out its duties and the committee will set the compensation for such advisors.

The committee has the authority to communicate directly with and to meet with the external auditor and the internal auditor, without management involvement. This extends to requiring the external auditor to report directly to the committee.

Reporting

The reporting obligations of the committee will include:

1. reporting to the board of directors on the proceedings of each committee meeting and on the committee's recommendations at the next regularly scheduled directors' meeting; and
2. reviewing, and reporting to the board of directors on its concurrence with, the disclosure required by Form 52-110F2 in any management information circular prepared by the Company.