

SEARCH MINERALS INC.
Suite 211, 901 West 3rd Street
North Vancouver, British Columbia

INFORMATION CIRCULAR

(as at April 13, 2017 except as otherwise indicated)

SOLICITATION OF PROXIES

This information circular (the “**Circular**”) is provided in connection with the solicitation of proxies by the management of Search Minerals Inc. (the “**Company**”). The form of proxy which accompanies this Circular (the “**Proxy**”) is for use at the annual general meeting of the shareholders of the Company to be held on Thursday, May 18, 2017 (the “**Meeting**”), at the time and place set out in the accompanying notice of Meeting (the “**Notice of Meeting**”). The Company will bear the cost of this solicitation. The solicitation will be made by mail, but may also be made by telephone.

APPOINTMENT AND REVOCATION OF PROXY

The persons named in the Proxy are directors and/or officers of the Company. **A registered shareholder who wishes to appoint some other person to serve as their representative at the Meeting 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 Investor Services Inc. (“**Computershare**”) by 10:00 a.m. (local time in Vancouver, British Columbia) on Tuesday, May 16, 2017, or before 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting at which the Proxy is to be used.

The Proxy may be revoked by:

- (a) signing a proxy with a later date and delivering it at the time and place noted above;
- (b) signing and dating a written notice of revocation and delivering it to Computershare, or by transmitting a revocation by telephonic or electronic means, to Computershare, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or delivering a written notice of revocation and delivering it to the Chairman of the Meeting on the day of the Meeting or adjournment of it; or
- (c) attending the Meeting or any adjournment of the Meeting and registering with the scrutineer as a shareholder present in person.

Provisions Relating to Voting of Proxies

The shares represented by Proxy in the form provided to shareholders will be voted or withheld from voting by the designated holder in accordance with the direction of the registered shareholder appointing him. If there is no direction by the registered shareholder, those shares will be voted for all proposals set out in the Proxy and for the election of directors and the appointment of the auditors as set out in this Circular. The Proxy gives the person named in it the discretion to vote as such person sees fit on any amendments or variations to matters identified in the Notice of Meeting,

or any other matters which may properly come before the Meeting. 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 of Meeting.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to many shareholders, as a substantial number of shareholders do not hold common shares in their own name. 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 (referred to herein as “**Beneficial 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 a broker, then those common shares will, in all likelihood, not be registered in the shareholder’s name. Such common shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such 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 brokers (or their agents or nominees) on behalf of a broker’s client can only be voted or withheld at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the broker’s 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 brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholder meetings. The various brokers and other intermediaries have their own mailing procedures and provide their 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. The form of instrument of proxy supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is substantially similar to the instrument of proxy provided directly to registered shareholders by the Company. However, its purpose is limited to instructing the registered shareholder (i.e., the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The vast majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”) in Canada. Broadridge typically prepares a machine-readable voting instruction form (“**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 shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge VIF cannot use that form to vote common shares directly at the Meeting. The VIFs must be returned to Broadridge (or instructions respecting the voting of 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 common shares held through a broker or other intermediary, please contact that broker or other intermediary for assistance.**

The Notice of Meeting, Circular, Proxy and VIF, as applicable, 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.

Pursuant to the provisions of NI 54-101, the Company is providing the Notice of Meeting, Circular and Proxy or VIF, as applicable, to both registered owners of the securities and non-registered owners of the securities. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Company (and not the intermediary holding common shares 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 VIF. As a result, if you are a non-registered owner of the securities, 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.

The Company’s OBOs can expect to be contacted by Broadridge or their brokers or their broker’s agents as set out above. The Company does not intend to pay for intermediaries to deliver the Notice of Meeting, Circular and VIF 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 his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for 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 an applicable 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 an intermediary, as applicable, must arrange, without expenses 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 10:00 a.m. (Vancouver time) on the day which is at least three business days prior to the Meeting. **A Beneficial Shareholder who wishes to attend the Meeting and to vote their common shares as proxyholder for the registered shareholder, should enter their own name in the blank space on the VIF or such other document in writing that requests that the NOBO or a nominee of the NOBO be appointed as proxyholder and return the same to their broker (or the broker’s agent) in accordance with the instructions provided by such broker.**

All references to shareholders in the Notice of Meeting, Circular and the accompanying Proxy are to registered 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.

Financial Statements

The audited financial statements of the Company for the year ended November 30, 2016, 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

As at the date of the accompanying Notice of Meeting, the Company's authorized capital consists of an unlimited number of common shares of which 146,222,190 common shares are issued and outstanding. All common shares in the capital of the Company carry the right to one vote.

Shareholders registered as at April 13, 2017, are entitled to attend and vote at the Meeting. Shareholders who wish to be represented by proxy at the Meeting must, to entitle the person appointed by the Proxy to attend and vote, deliver their Proxies at the place and within the time set forth in the notes to the Proxy.

To the knowledge of the directors and executive officers of the Company, as of the date of this Circular, the following persons beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding common shares of the Company:

Shareholder	Number of Shares	Percentage of Issued Capital
Sercor Ltd.	25,203,334	17.2%
Raymond Saunders ⁽¹⁾	21,672,348	14.8%

Note:

- (1) Raymond Saunders, who is a director of the Company, holds 4,208,348 common shares directly and 17,464,000 common shares indirectly through RJS Management Services Ltd., a private company controlled by Raymond Saunders.

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 the absence of instructions to the contrary, Proxies given pursuant to the solicitation by the Management will be voted for the nominees listed in this Circular. Management does not contemplate that any of the nominees will be unable to serve as a director. At the Company's last annual general meeting, the number of directors of the Company was set at five. Mr. Leo Patrick Power was appointed as a director of the Company on January 10, 2017 pursuant to the provisions of the Company's Articles allowing the directors of the Company to appoint additional directors between annual general meetings, provided the number of additional directors so appointed doesn't exceed one-third of the number of directors elected at the last annual general meeting. Shareholders will be asked at the Meeting to pass an ordinary resolution to set the number of directors for the ensuing year at eight.

Advance Notice Provisions

Pursuant to Part 27 of the Company's Articles, any additional director nominations for an annual general meeting must be received by the Company not less than 36 days nor more than 65 days prior to the date of the meeting. As no nominations were received by April 13, 2017, being the date which is 36 days prior to the Meeting, Management's nominees for election as directors set forth below shall be the only nominees eligible to stand for election at the Meeting.

The following table sets out the names of the nominees for election as directors, the offices they hold within the Company, their occupations, the length of time they have served as directors of the Company, and the number of shares of the Company which each beneficially owns, directly or indirectly, or over which control or direction is exercised, 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 of the Company beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
James Clucas ⁽²⁾ British Columbia, Canada Director and Executive Chairman	Executive Chairman of the Company since January 31, 2015; Chairman, President, CEO of the Company from June 2009 to January 31, 2015; Chairman of International Nickel Ventures Corporation, August 2007 to March 2009; Director of INV Metals since October 2005; Director of North American Nickel since April 2010.	October 17, 2008	3,968,914 ⁽⁴⁾
James Patterson ⁽²⁾⁽³⁾ British Columbia, Canada Director	Independent Consultant since 2006.	October 17, 2008	1,397,121
Raymond Saunders ⁽²⁾⁽³⁾ Newfoundland, Canada Director	President of RJS Management Services Ltd.	October 17, 2008	21,672,348 ⁽⁵⁾
David Dreisinger British Columbia, Canada Vice President, Metallurgy and Director	Vice President, Metallurgy of the Company since September 2009; 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; Vice President, Metallurgy of TriMetals Mining Inc. since May 2009.	September 23, 2009	3,100,000 ⁽⁶⁾

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 of the Company beneficially owned, directly or indirectly, or controlled or directed at present ⁽¹⁾
Roberto Giannetti da Fonseca ⁽³⁾ São Paulo, Brazil Director	President and Chief Executive Officer of Kaduna Consulting Group since 1989.	March 31, 2011	310,714
Leo Power 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
Andrew Furey Newfoundland, Canada Nominee	Is a practicing orthopedic surgeon since 2007, Dr. Furey also holds a Diploma in Organizational Leadership from Oxford University: SAID School of Business and is currently a director of Canada Fluorspar Inc. and Sequence Bio.	Nominee	Nil
Greg Andrews British Columbia, Canada Nominee	President and Chief Executive Officer of the Company since October 2015, From August 2014 until October 2015, President and Executive Vice-President of the Company.	Nominee	1,237,000 ⁽⁷⁾

Notes:

- (1) The information as to common shares beneficially owned or controlled has been provided by the nominees themselves.
- (2) A member of the audit committee.
- (3) A member of the compensation committee.
- (4) James Clucas holds 3,933,914 common shares directly and 35,000 common shares indirectly through Unilink Investment Corporation, a private company controlled by James Clucas.
- (5) Raymond Saunders holds 4,208,348 common shares directly and 17,464,000 common shares indirectly through RJS Management Services Ltd., a private company controlled by Raymond Saunders.
- (6) David Dreisinger holds 1,325,000 common shares directly and 1,775,000 common shares indirectly through Dreisinger Holdings Inc., a private company controlled by David Dreisinger.
- (7) Greg Andrews holds 1,006,000 common shares directly and 231,000 common shares are held by his wife, Donna Andrews.

No proposed director is being elected under any arrangement or understanding between the proposed director and any other person or company.

Corporate Cease Trade Orders or Bankruptcies

No director or proposed director of the Company is, or within the ten years prior to the date of this Circular has been, a director or executive officer of any company, including the Company, that while that person was acting in that capacity:

- (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; or
- (b) was subject to an event that resulted, after the director ceased to be a director or executive officer of the company being the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) 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.

Individual Bankruptcies

Other than as disclosed below, no director or proposed director of the Company has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Leo Power was is director of a private company called 68870 Newfoundland & Labrador Inc. (“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.

Penalties or Sanctions

None of the proposed directors have been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, has entered into a settlement agreement with a securities regulatory authority or 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, 2016, the Company had four Named Executive Officers (“NEOs”) being, James Clucas, the Executive Chairman, Greg Andrews, the President and Chief Executive Officer (“CEO”), Matthew Anderson, the Chief Financial Officer (“CFO”) and Randy Miller, Vice President Exploration.

“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

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 then provides recommendations to the Board for approval. See “Disclosure of Corporate Governance Practices - 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. 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 cash compensation and the granting of stock options, the NEO’s performance, level of expertise, responsibilities and time spent are considered.

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.

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 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 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. Stock option grants are made on the basis of the number of stock options currently held, 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.

SUMMARY COMPENSATION TABLE

Set out below is a summary of compensation paid or accrued during the Company's three most recently completed financial years to the Company's NEOs.

Summary Compensation Table

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽⁴⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
James Clucas ⁽²⁾ Executive Chairman, Former President and Chief Executive Officer	2016	75,000	Nil	Nil	Nil	Nil	Nil	Nil	75,000
	2015	75,000	Nil	25,949	Nil	Nil	Nil	Nil	100,949
	2014	42,667	Nil	Nil	Nil	Nil	Nil	1,732	44,399
Greg Andrews ⁽²⁾⁽³⁾ President & CEO	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	2016	Nil	Nil	Nil	Nil	Nil	Nil	19,800	19,800
	2015	Nil	Nil	3,579	Nil	Nil	Nil	25,194	28,773
	2014	Nil	Nil	Nil	Nil	Nil	Nil	33,536	33,536

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$) ⁽⁴⁾	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Randy Miller Vice President, Exploration	2016	124,165	Nil	Nil	Nil	Nil	Nil	Nil	124,165
	2015	130,000	Nil	30,423	Nil	Nil	Nil	Nil	160,423
	2014	182,500	Nil	Nil	Nil	Nil	Nil	Nil	182,500

Notes:

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Risk-free interest rate:	Nil	1.50%	Nil
Expected dividend yield:	Nil	Nil	Nil
Expected volatility:	Nil	110%	Nil
Expected life of option:	Nil	4 years	Nil

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.
- (3) On October 13, 2015 Greg Andrews was appointed as Chief Executive Officer.
- (4) 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, in its sole discretion. The NEO is required to furnish such receipts, vouchers or other evidence as are required by the Company to substantiate such expenses.

Narrative Discussion

The Company entered into an employment agreement dated June 1, 2010, as amended and restated on December 31, 2011, with James 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 pays Mr. Clucas a base salary of \$75,000 per year, payable in monthly instalments of \$6,250. A description of the termination and change of control provisions of the Clucas Agreement are included under the heading "Termination and Change of Control Benefits" of this Circular.

The Company entered in 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.

On October 7, 2009, the Company entered into a consulting agreement with Randy Miller (the “**Miller Agreement**”) pursuant to which Mr. Miller agreed to perform the function of rare earth element exploration manager to the Company. On December 12, 2011, the Board agreed to increase Mr. Miller’s yearly salary to \$200,000 (\$16,667 per month). On August 1, 2014, Mr. Miller’s salary was fixed at \$130,000 annually (\$10,833 per month). By its terms, the Miller Agreement is automatically amended based on changes to compensation approved by the Board. The Miller Agreement had an initial term of six months and has since been automatically renewed for successive terms of one month, on a month to month basis. These automatic renewals will continue until either the Company or Mr. Miller terminates the Miller Agreement on not less than 14 days’ written notice to the other party.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards held by a NEO. The following table sets forth the outstanding option-based awards held by the NEOs of the Company at the end of the most recently completed financial year:

Outstanding Share -Based Awards and Option-Based Awards

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
James Clucas Executive Chairman, Former President and Chief Executive Officer	725,000	0.10	June 30, 2020	Nil	Nil	Nil
	275,000	0.10	April 26, 2018	Nil	Nil	Nil
	190,000	0.20	October 17, 2017	Nil	Nil	Nil
Greg Andrews President & CEO	1,225,000	0.10	June 30, 2020	Nil	Nil	Nil
Matthew Anderson CFO	100,000	0.10	June 30, 2020	Nil	Nil	Nil
	100,000	0.07	October 29, 2018	Nil	Nil	Nil
	25,000	0.20	October 17, 2017	Nil	Nil	Nil
Randy Miller Vice President, Exploration	850,000	0.10	June 30, 2020	Nil	Nil	Nil
	150,000	0.10	April 26, 2018	Nil	Nil	Nil
	100,000	0.20	October 17, 2017	Nil	Nil	Nil

Note:

- (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.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each NEO:

Value Vested or Earned for Incentive Plan Awards During the Most Recently Completed Financial Year

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
James Clucas Executive Chairman, Former President and Chief Executive Officer	Nil	Nil	Nil
Greg Andrews President and CEO	Nil	Nil	Nil
Matthew Anderson CFO	Nil	Nil	Nil
Randy Miller Vice President, Exploration	Nil	Nil	Nil

Note:

- (1) All options granted to the NEOs vested on the date of grant.

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 will be available for review at the Meeting.

- 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 30 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 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 the Circular, the Company has entered into the Clucas Agreement with James Clucas. Pursuant to the terms of the Clucas Agreement, if within twelve (12) months following a Change of Control (as defined below), Mr. Clucas' employment is terminated by the Company without cause, or he 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 \$150,000. In addition, if Mr. Clucas' employment is terminated without cause at any time other than following a Change of Control, Mr. Clucas is entitled to receive a severance payment of \$75,000.

A "Change of Control" is defined in the Clucas 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 Company's 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.

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

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) Mr. Dreisinger is the Vice President, Metallurgy 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, 2016.

Narrative Discussion

Directors are compensated through the grant of stock options, however, no stock options were granted to directors in the last fiscal year. The directors are paid a 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 Dr. Dresiginer under the consulting agreement.

On January 1, 2012, the Company entered into a consulting agreement with David Dreisinger (the "**Dreisinger Agreement**") pursuant to which Mr. Dreisinger agreed to perform the function of Vice President, Metallurgy to the Company. Under the terms of the Dreisinger Agreement, 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 initial term of the Dreisinger Agreement was one year following which it is automatically renewed for successive terms of one year until the termination of the Dreisinger Agreement. No director fees are payable to Mr. Dreisinger under the Dreisinger Agreement.

INCENTIVE PLAN AWARDS

Outstanding Share-Based Awards and Option-Based Awards

The Company does not have any share-based awards held by a director. The following table sets forth details of all awards granted to directors of the Company which are outstanding at the end of the most recently completed financial year.

**Outstanding Option-Based Awards and
Option-Based Awards**

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
David Dreisinger	1,000,000	0.10	June 30, 2020	Nil	Nil	Nil
	225,000	0.10	April 26, 2018	Nil	Nil	Nil
	75,000	0.20	October 17, 2017	Nil	Nil	Nil
Roberto Giannetti da Fonseca	775,000	0.10	June 30, 2020	Nil	Nil	Nil
	225,000	0.10	April 26, 2018	Nil	Nil	Nil
	75,000	0.20	October 17, 2017	Nil	Nil	Nil
	75,000	0.26	January 19, 2017 ⁽²⁾	Nil	Nil	Nil
James Patterson	775,000	0.10	June 30, 2020	Nil	Nil	Nil
	225,000	0.10	April 26, 2018	Nil	Nil	Nil
	100,000	0.20	October 17, 2017	Nil	Nil	Nil
Raymond Saunders	1,000,000	0.10	June 30, 2020	Nil	Nil	Nil
	225,000	0.10	April 26, 2018	Nil	Nil	Nil
	100,000	0.20	October 17, 2017	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) These options expired on January 19, 2017 unexercised.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each director:

Value Vested or Earned for Incentive Plan Awards During the Most Recently Completed Financial Year

Name	Option-based awards - Value vested during the year ⁽¹⁾ (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
David Dreisinger	Nil	Nil	Nil
Roberto Giannetti da Fonseca	Nil	Nil	Nil
James Patterson	Nil	Nil	Nil
Raymond Saunders	Nil	Nil	Nil

Note:

- (1) All options granted to the directors vested on the date of grant.

EQUITY COMPENSATION PLAN INFORMATION

The following table sets out those securities of the Company which have been authorized for issuance under equity compensation plans, 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	9,210,000	\$0.11	5,412,219
Equity compensation plans not approved by the securityholders	N/A	N/A	N/A
Total	9,210,000	\$0.11	5,412,219

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the Board, or their respective associates or affiliates, are or have been indebted to the Company since the beginning of the most recently completed financial year of the Company.

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

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 and the confirmation of the Stock Option Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

None of the persons who were directors or executive officers of the Company or a subsidiary at any time during the Company's last completed financial year, the proposed nominees for election to the Board, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding common shares of the Company, nor the associates or affiliates of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Company.

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.

MANAGEMENT CONTRACTS

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

AUDIT COMMITTEE

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.

Audit Committee Charter

The text of the Audit Committee's charter is attached as Schedule "A" to this Circular.

Composition of Audit Committee and Independence

The Company's current Audit Committee consists of Raymond Saunders, James Clucas and James Patterson.

National Instrument 52-110 - *Audit Committees* ("**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, Raymond Saunders and James Patterson are "independent" within the meaning of NI 52-110. James Clucas is not "independent" as he is also the Executive Chairman of the Company.

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.

Relevant Education and Experience

James Clucas

Mr. Clucas has over 40 years of experience and expertise in mining exploration and production. Mr. Clucas obtained a Chartered Management Accountant designation in the United Kingdom. From 1970 to 1979, Mr. Clucas was the Chief Financial Officer for the Manitoba Division of Inco Ltd., and subsequently served in the same capacity with the Ontario Division of Inco Ltd.

James Patterson

Dr. Jim Patterson is an independent economic/exploration geological consultant. Dr. Patterson has over fifty years' experience in initiating, developing, conducting and supervising all phases of mineral exploration, ore reserve audits and valuations in numerous parts of the world including Canada, Ireland, Thailand, Malaysia and Indonesia. He was involved with the discovery of several mineral deposits in Ireland and immigrated to Canada in 1978 to bring a lead mine into production in Nova Scotia. Dr. Patterson is currently a Director of International Millennium Mining Corp., Merrex Gold Inc., and Southeast Asia Mining. Dr. Patterson was formerly a Director of Garson Gold Corp., Hornby Bay Exploration Ltd., Crowflight Minerals Inc., Jilbey Gold Exploration and Mispesc Resources Inc. Dr. Patterson is a past Exploration Vice-President of FNX Mining Inc. and assisted with the revival and building of FNX from a \$20 million company to a \$2.5 billion mining company. In addition, he has held numerous senior positions in various other mineral exploration companies during his career. Dr. Patterson holds an Honours Geology Degree from Trinity College, Dublin, Ireland and a Ph.D. in Mining Geology from the Royal School of Mines, London University. In addition, Dr. Patterson has published numerous papers on mineral exploration and the development of mining environmental frameworks. He has a solid understanding of mineral exploration, mining development, investor relations, funding generation, budgeting and environmental management.

Raymond Saunders

Mr. Saunders has been a businessman in the Province of Newfoundland and Labrador for the past 40 years. His primary business has been transportation; he started and acquired several trucking companies, which have provided consolidated services throughout Newfoundland and Labrador. Mr. Saunders recently retired from the transportation business, but he continues to own and manage his real estate investment company. In 2004, Mr. Saunders, along with two other partners, created a company called Alterra Resources Inc., to facilitate the exploration and staking of mineral claims in the Province of Newfoundland and Labrador. Alterra Resources Inc. was subsequently acquired by the Company in 2006, at which time Mr. Saunders became a director of the Company.

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 (De Minimis Non-audit Services) of NI 52-110; or
- (b) an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted any specific policies and procedures for the engagement of non-audit services.

Audit Fees

The following table sets forth the fees billed to the Company and its subsidiary by KMPG LLP, Chartered Professional Accountants, the Company's former external auditor, for the fiscal year ended November 30, 2015 and Mao & Ying LLP (formerly SunRonkai LLP) the Company's auditor effective January 23, 2015, for the last two fiscal years ended November 30, 2015 and November 30, 2016.

	<u>2016</u>	<u>2015</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>

	<u>2015</u>
KMPG LLP, Chartered Professional Accountants	(\$)
Audit fees ⁽¹⁾	Nil
Audit related fees ⁽²⁾	Nil
Tax fees ⁽³⁾	Nil
All other fees ⁽⁴⁾	Nil
Total	<u>Nil</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

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

National Instrument 58-101 - *Disclosure of Corporate Governance Practices*, 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. 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.

Board of Directors

Management is nominating eight individuals to the Board, six of whom are current directors of the Company.

The Guidelines suggest 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 Company’s Board, reasonably interfere with the exercise of a director’s independent judgement. Four of the current members of the Board are considered “independent” and two members are considered not “independent” within the meaning of NI 52-110. If all eight nominees are elected five members 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) (the “**Act**”), 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:

- James Clucas is a director of INV Metals Inc. and North American Nickel Inc.;
- David Dreisinger is a director of Polymet Mining Corp.; and
- James Patterson is a director of International Millennium Mining Corp, and Southeast Asia Mining Corp.

Orientation and Continuing Education

The Board’s practice is to recruit for 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.

The Board provides training courses to the directors as needed, to ensure that the Board is complying with current legislative and business requirements.

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 #211, 901 West Third 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 shall be 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 Raymond Saunders, James Patterson and Roberto Giannetti da Fonseca, 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 in 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 administrative burden.

PARTICULARS OF MATTERS TO BE ACTED UPON

Confirming Stock Option Plan

Shareholders are being asked to confirm approval of the Stock Option Plan which 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. There have been no changes to the Stock Option Plan since it was adopted by the directors. The Stock Option Plan is subject to approval by the Exchange.

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 will be available for review at the Meeting.

1. 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 of the Company at the time of grant, the exercise price of which, as determined by the board of directors in its sole discretion, shall not be less than the closing price of the Company's 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.
2. The board of directors 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 of directors grant and announce the granting of the option.
4. 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.

In accordance with the policies of the Exchange, a plan with a rolling 10% maximum must be confirmed by shareholders at each annual general meeting.

Accordingly, at the Meeting, the shareholders will be asked to pass the following resolution:

“IT IS RESOLVED THAT the Stock Option Plan is hereby approved and confirmed.”

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.

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 financial statements to November 30, 2016, 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 13th day of April, 2017.

ON BEHALF OF THE BOARD

(signed) *“James Clucas”*

James Clucas
Executive Chairman

SEARCH MINERALS INC.

Schedule "A" 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.