



## MANAGEMENT INFORMATION CIRCULAR

(As at April 29<sup>th</sup>, 2019 (the “**Record Date**”)  
and in United States of America dollars, except where indicated)

### PERSONS MAKING THIS SOLICITATION OF PROXIES

**This Management Information Circular (“Circular” or “Information Circular”) is provided in connection with the solicitation by management of Atico Mining Corporation (the “Corporation”) of proxies (“Proxies”) from registered shareholders and voting instruction forms (“VIFs”) from the holders (“Shareholders”) of common shares of the Corporation (“Common Shares”) in respect of the annual general meeting of Shareholders (the “Meeting”) to be held at the time, location and place and for the purposes set out in the accompanying notice of meeting (the “Notice of Meeting”).**

Although it is expected that the solicitation of Proxies and VIFs will be primarily by mail pursuant to notice and access procedures, Proxies and VIFs may also be solicited personally or by telephone, facsimile or other proxy solicitation services. In accordance with National Instrument 54-101 - *Communication with Beneficial Owners of Securities of a Reporting Issuer* of the Canadian securities administrators (“**NI 54-101**”), arrangements have been made with intermediaries such as stockbrokers, securities dealers, banks, trust companies, trustees and their agents and nominees (“**Intermediaries**”) to forward the Notice of Meeting, Proxies and VIFs to the beneficial owners of the Common Shares held of record by such parties. The Corporation may reimburse such parties for reasonable fees and disbursements incurred by them in doing so. The costs of the solicitation of Proxies and VIFs will be borne by the Corporation.

The Corporation has given notice of the Meeting in accordance with NI 54-101, pursuant to which it has sent the Notice of Meeting and Proxy or VIF, but not this Circular, directly to its registered Shareholders and those non-registered (beneficial) Shareholders that have consented to allow their addresses to be provided to the Corporation (“**NOBOs**”) in accordance with NI 54-101. The Corporation does not intend to pay for Intermediaries to forward the Notice of Meeting and VIF to those beneficial Shareholders that have refused to allow their address to be provided to the Corporation (“**OBOs**”). Accordingly, OBOs will not receive the Notice of Meeting and VIF unless their respective Intermediaries assume the cost of forwarding such documents to them. Instead of mailing this Circular to Shareholders, the Corporation has posted the Circular on its website pursuant to the ‘Notice and Access’ procedures of NI 54-101. Shareholders may request a paper copy of this Circular be sent to them by contacting the Corporation as set out under ‘Additional Information’ at the end of this Circular.

### APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES AND VIFS

Only persons registered as Shareholders in the Corporation’s central security register maintained by its registrar and transfer agent (the “**Central Security Register**”) as at the Record Date or duly appointed proxyholders of registered Shareholders (“**Proxyholders**”) will be recognized or may make motions or vote at the Meeting.

The persons named (the “**Management Designees**”) in the enclosed Proxy or VIF have been selected by the directors of the Corporation and have agreed to represent, as Proxyholder, the Shareholders appointing them.

**A Shareholder has the right to designate a person or company (who need not be a Shareholder and, for a VIF, can be the appointing Shareholder) other than the Management Designees to represent them at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the enclosed Proxy or VIF the name of the person to be designated and by striking therefrom the names of the Management Designees or, if the Shareholder is a registered Shareholder, by completing another proper form of Proxy, and delivering the Proxy or VIF in accordance with its instructions.** Such Shareholder should notify the nominee of the appointment, obtain the nominee's consent to act as Proxyholder and provide instructions on how the Shareholder's Common Shares are to be voted. The nominee should bring personal identification with them to the Meeting.

A Shareholder may indicate the manner in which the Proxyholders are to vote on behalf of the Shareholder, if a poll is held, by marking an 'X' in the appropriate space of the Proxy. **If both spaces are left blank, the Proxy will be voted as recommended by management for any matter requiring a 'For' or 'Against' vote, and in favour of the matter for any matter requiring a 'For' or 'Withhold' vote.**

**The enclosed Proxy, when properly signed, confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting.** As at the date of this Circular, the Corporation's management is not aware that any amendments or variations are to be presented at the Meeting. If any amendments or variations to such matters should properly come before the Meeting, it is the intent of the Management Designees to vote the Proxies hereby solicited as recommended by management.

To be valid, the Proxy or VIF must be dated and executed by the Shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the Proxy or VIF). The completed Proxy or VIF must then be returned in accordance with its instructions. Proxies (but not VIFs, unless the VIF has Computershare's name and address on the top right corner of the first page) and proof of authorization can also be delivered to the Corporation's transfer agent, Computershare Investor Services Inc. ("**Computershare**") by mail (Attention: Proxy Department), to 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1, Canada or by hand delivery to 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9 at least 48 hours, excluding Saturdays, Sundays and holidays, before the Meeting or any adjournment thereof. Proxies and VIFs received after that time may be accepted or rejected by the Chairman of the Meeting in the Chairman's discretion, and the Chairman is under no obligation to accept or reject late proxies.

A Proxy may be revoked by a Shareholder personally attending at the Meeting and voting their Common Shares. A Shareholder may revoke their Proxy in respect of any matter upon which a vote has not already been cast pursuant to the authority conferred by the Proxy. A Proxy or VIF may also be revoked by depositing an instrument in writing (which includes an Proxy or VIF bearing a later date) executed by the Shareholder or by their authorized attorney in writing, or, if the Shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized, at the office of the transfer agent at one of Computershare's addresses set out above, the Corporation at Suite 501, 543 Granville Street, Vancouver, British Columbia, V6C 1X8 (or by fax to (+1) 604-688-1157) or its registered office Blake, Cassels & Graydon LLP (att: Michelle Audet), 595 Burrard Street, P.O. Box 49314, Suite 2600, Bentall Three Centre, Vancouver, British Columbia V7X 1L3, Canada (or by fax to (+1) 604-631-3309) at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or by depositing the instrument in writing with the Chairman of such Meeting, prior to the commencement of the Meeting or any adjournment thereof.

## REGISTERED SHAREHOLDERS

Only persons registered as Shareholders in the Corporation's Central Security Register maintained by its registrar and transfer agent or duly appointed Proxyholders will be recognized or may make motions or vote at the Meeting.

## BENEFICIAL SHAREHOLDERS

**The information set forth in this section is of significant importance as many Shareholders do not hold Common Shares in their own name.**

Shareholders holding their Common Shares through Intermediaries ("**Beneficial Shareholders**") should note that only Proxies deposited by registered Shareholders 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, those Common Shares, in all likelihood, will **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 The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms. Common Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) 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 party well in advance of the Meeting.**

As provided for in NI 54-101, the Corporation has elected to obtain a list of its NOBOs from Intermediaries, and deliver proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable VIF from Computershare instead of a Proxy. A VIF enables a Shareholder to provide instructions to the registered holder of its Common Shares as to how those shares are to be voted at the Meeting and allow the registered holder to provide a Proxy voting the Common Shares in accordance with those instructions. A VIF should be completed and returned in accordance with its instructions. As indicated in the VIF, both telephone voting and internet voting are allowed. The results of the VIFs received from NOBOs will be tabulated and appropriate instructions respecting voting of Common Shares to be represented at the Meeting will be provided to the registered Shareholders.

The securityholder materials are being sent to both registered and Beneficial Shareholders. If you are a Beneficial Shareholder, and the Corporation 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 Corporation (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 instructions.

Securities regulatory policies require Intermediaries to seek voting instructions from OBOs in advance of the Meeting. Every Intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by OBOs to ensure that their Common Shares are voted at the Meeting. Most brokers now delegate responsibility for obtaining voting instructions from clients to Broadridge Investor Communications ("**Broadridge**"), which mails the materials for the Meeting to OBOs and asks them to return a VIF to Broadridge. **An OBO receiving a VIF from Broadridge may use that VIF to vote Common Shares directly at the Meeting if the OBO inserts their name as the name of the person to represent them at the Meeting. Such Shareholder should notify its nominee of the appointment, obtain the nominee's consent to act as representative and provide instructions on how the**

**Shareholder's Common Shares are to be voted. The nominee should bring personal identification with them to the Meeting. The VIF must be returned to Broadridge well in advance of the meeting in order to have the Common Shares voted.**

**Beneficial Shareholders should carefully follow the instructions set out in the VIF including those regarding when and where the VIF is to be delivered. Shareholders with any questions respecting the voting of Common Shares held through a broker or other Intermediary, should contact that broker or other Intermediary for assistance.**

## **UNITED STATES SHAREHOLDERS**

This solicitation of Proxies and VIFs involves securities of a corporation located in Canada and is being effected in accordance with the corporate laws of the province of British Columbia, Canada and securities laws of the provinces of Canada. The proxy solicitation rules under the United States Securities Exchange Act of 1934, as amended, are not applicable to the Corporation or this solicitation. Shareholders should be aware that disclosure and proxy solicitation requirements under the securities laws of the provinces of Canada differ from the disclosure and proxy solicitation requirements under United States securities laws.

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

## **VOTING OF PROXIES AND VIFS**

Voting at the Meeting will be by a show of hands, each registered Shareholder and each Proxyholder having one vote, unless a poll is required (if the number of Shares represented by Proxies and VIFs that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each registered Shareholder and Proxyholder is entitled to one vote for each Share held or represented, respectively.

Each Shareholder may instruct their Proxyholder how to vote their Common Shares by completing the blanks on the Proxy or VIF. All Common Shares represented at the Meeting by properly executed Proxies and VIFs will be voted or withheld from voting (including the voting on any ballot) in accordance with the instructions of the Shareholder and, where a choice with respect to any matter to be acted upon has been specified in the Proxy or VIF, such Common Shares will be voted in accordance with such specification. **In the absence of any such specification on the Proxy or VIF as to voting, the Management Designees, if named as Proxyholder or nominee, will vote in favour of the matters set out therein.**

**The Proxy or VIF confers discretionary authority upon the Management Designees, or other person named as Proxyholder, with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any amendments to, variations of or other matters which may come before the Meeting. If other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of the Corporation.**

In order to approve a motion proposed at the Meeting, a majority of greater than 50% of the votes cast will be required (an “**ordinary resolution**”) unless the motion requires a “special resolution” in which case a majority of 66-2/3% of the votes cast will be required.

## QUORUM

The Articles of the Corporation provide that a quorum for the transaction of business at any meeting of Shareholders shall be two Shareholders present in person or represented by Proxy who, in the aggregate, hold at least 5% of the issued Common Shares entitled to be voted at the Meeting.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at the Record Date, the Corporation had 98,502,337 Common Shares issued and outstanding. There are no other shares issued or outstanding of any class. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

To the knowledge of the directors and executive officers of the Corporation, no person, firm or company beneficially owned, or exercised control or direction over directly or indirectly, voting securities carrying 10% or more of the voting rights attached to the Common Shares as at the Record Date except as indicated below:

Name	Number of Common Shares Owned or Controlled at the Record Date	Percentage of Outstanding Common Shares
Alexey Mordashov	10,904,462 <sup>(1)</sup>	11.07%

- (1) The Common Shares are held by A.B. Aterra Resources Ltd., a private Cyprus company that is wholly-owned indirectly by Mr. Mordashov.

## STATEMENT OF EXECUTIVE COMPENSATION

Unless otherwise noted, the following information is for the Corporation’s last completed financial year (which ended December 31, 2018) and, since the Corporation has subsidiaries, is prepared on a consolidated basis.

### A. Named Executive Officers

For the purposes of this Information Circular, a Named Executive Officer (“**NEO**” or “**Executive Officer**”) of the Corporation means each of the following individuals:

- (a) a chief executive officer (“**CEO**”) of the Corporation during the most recently completed financial year;
- (b) a chief financial officer (“**CFO**”) of the Corporation during the most recently completed financial year; and
- (c) each of the Corporation’s three most highly compensated executive officers, or individuals acting in a similar capacity, other than the CEO and CFO, during the most recently completed financial year if their individual total compensation was more than C\$150,000 for that financial year.

## B. Compensation Discussion and Analysis

The Compensation Committee of the board of directors of the Corporation (the “**Board**”) is responsible for ensuring that the Corporation has appropriate procedures for executive compensation and making recommendations to the Board with respect to the compensation of the Corporation’s Executive Officers. The Compensation Committee ensures that total compensation paid to all NEOs is fair and reasonable and is consistent with the Corporation’s compensation philosophy.

The Compensation Committee is also responsible for recommending compensation for the directors and granting stock options to the directors, officers and employees of, and consultants to, the Corporation pursuant to the Corporation’s Stock Option Plan (the “**Option Plan**”).

The Committee consists of three directors, two of whom are independent (outside, non-management directors – Mario Szotlender (Chairman) and Luiz Saenz) and one of whom is not an independent director (Michael Winn). The Committee members have the necessary expertise to enable them to make decisions on the suitability of the Corporation’s policies or practices. Messrs. Szotlender, Winn and Saenz have direct experience relevant to their responsibilities on the Compensation Committee, including acting as officers and directors or in the past served, or currently serve on compensation committees of other publicly traded corporations so that they are familiar with remuneration in the Corporation’s industry. The Board is satisfied that the composition of the Compensation Committee ensures an objective process for determining compensation.

### *Philosophy*

The philosophy used by the Compensation Committee in determining compensation is that the compensation should (i) reflect the Corporation’s current state of development, (ii) reflect the Corporation’s performance, (iii) reflect individual performance, (iv) align the interests of executives with those of the shareholders, (v) assist the Corporation in retaining key individuals, and (vi) reflect the Corporation’s overall financial status.

### *Compensation Components*

The compensation of the NEOs is comprised primarily of (i) base salary; (ii) annual incentives in the form of cash bonuses; and (iii) long-term incentives in the form of stock options or restricted share units granted in accordance with the Option Plan, and Restricted Share Unit Plan (“**RSU Plan**”).

In establishing levels of compensation for 2018 (including bonuses, stock options, and restricted share unit grants) the executive’s performance, level of expertise, responsibilities, length of service to the Corporation and comparable levels of remuneration paid to executives of other companies of comparable size and development within the mining exploration and development industry are considered as well as taking into account the financial and other resources of the Corporation. Management of the Corporation reviewed compensation paid to the CEO, and President of the following companies, which are similar in size and scope to the Corporation, as reported in their annual executive compensation disclosures:

Orvana Mining Corp.	Ascendant Resources Inc.	Caledonia Mining Corporation Plc	Americas Silver Corporation
Alio Gold Inc.	Jaguar Mining Inc.	Mandaley Resources Corporation	

The Compensation Committee also relies on the experience of its members as officers and directors of other publicly traded junior mining companies in assessing compensation levels. These other companies are

identified under the heading “Disclosure of Corporate Governance Practices – Directorships” of this Information Circular. The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for developing salary adjustments and short-term and long-term incentive awards for the Compensation Committee’s approval.

#### *Base Salary*

The Compensation Committee and the Board approve the salary ranges for the NEOs. The base salary review for each NEO is based on an assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. The Compensation Committee, using this information, together with budgetary guidelines and other internally generated planning and forecasting tools, performs an annual assessment of the compensation of all executive and employee compensation levels.

#### *Annual Incentives*

Annual incentives awards are made by way of cash bonuses and are defined by the Corporation as an integral part of total compensation packages, in order to recognize and reward the contribution of NEOs in the achievement of organizational goals. The incentive is designed to provide transparency on compensation and to ensure compensation is competitive, sustainable and provides alignment with shareholder interests. Annual incentives include the following variables:

- Bonus Target - a percentage of annual base salary which takes into account the NEOs level of expertise and responsibilities, as well as comparable levels of remuneration in other companies of similar size;
- Scorecard Result - a measure of performance levels based on the achievement of personal and corporate objectives during the fiscal year. Personal objectives are defined for each NEO of the Corporation and are measured by safety, all in sustaining cash cost, and metal production. Corporate objectives are measured by operational cash flow and total shareholder return versus the TSX Venture Exchange index.

The NEO’s entitlement to a cash bonus and the amount of the bonus payable, if any, will be determined by the Board in accordance with the terms and conditions of this plan. If these conditions are met, the individual performances are rated by the Board. Bonuses for fiscal 2018 were calculated as a percentage of the base salary as follows:

CEO                    55%

President            35%

The Board also has the discretion to adjust the amounts of cash bonuses, based on a recommendation by the Compensation Committee.

## *Long Term Incentives*

### Stock Option Plan

The Corporation has created an Option Plan to encourage share ownership and entrepreneurship on the part of the directors, senior management and other employees. The Compensation Committee believes that the Option Plan aligns the interests of the NEOs' with the interests of Shareholders by linking a component of executive compensation to the longer term performance of the Common Shares.

Options are generally granted on an annual basis, subject to the imposition of trading black-out periods, in which case options scheduled for grant will be granted subsequent to the end of the black-out period. All options granted to NEOs are recommended by the Compensation Committee and approved by the Board. In monitoring stock option grants, the Compensation Committee takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to Shareholder value.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Compensation Committee also makes the following determinations:

- the exercise price for each option granted;
- the date on which each option is granted;
- the vesting terms for each stock option; and
- the other materials terms and conditions of each stock option grant.

The Compensation Committee makes these determinations subject to and in accordance with the provision of the Option Plan.

Options were granted on April 17, 2017 to directors, officers, employees and consultants of the Corporation. Please see "Summary Compensation Table" below for details.

### Restricted Share Unit Plan

The Corporation has also created an RSU Plan to attract, retain and motivate officers and directors of the Corporation. The RSU Plan provides that RSUs may be granted by the Compensation Committee to directors and officers of the Corporation as a discretionary payment in consideration for significant contributions to the long-term success of the Corporation. Please see "Description of Restricted Share Unit Plan" below for further details of the RSU Plan.

RSUs were granted on February 22, 2018 to NEOs' of the Corporation for compensation related to 2018. Please see "Summary Compensation Table" below for details.

The Corporation may, subject to any regulatory and/or shareholder approvals that may be required, implement other long term incentive share bonus plans in the future.



## Compensation Risks

Neither the Board nor any committee of the Board considered the implications of the risks associated with the Corporation's compensation program during the most recently completed financial year. All of the Corporation's option-based awards for the benefit of executive officers were fully discretionary.

### Hedging by Named Executive Officers or Directors

The Corporation has no policy with respect to NEOs or directors purchasing financial instruments, including, for greater certainty, prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director.

## C. Summary Compensation Table

The following table contains a summary of the compensation paid to the NEOs during the Corporation's three most recently completed financial years.

Name and principal position	Year ended December 31	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
					Annual incentive plans (\$)	Long term incentive plans (\$)			
Fernando Ganoza CEO & Director	2018	340,000	Nil	166,328 <sup>(2)</sup>	126,225 <sup>(5)</sup>	57,164 <sup>(8)</sup>	Nil	Nil	689,717
	2017	306,000	Nil	86,484 <sup>(3)</sup>	153,850 <sup>(6)</sup>	55,461 <sup>(9)</sup>	Nil	Nil	601,795
	2016	285,000	Nil	98,322 <sup>(4)</sup>	184,800 <sup>(7)</sup>	137,950 <sup>(10)</sup>	Nil	Nil	706,072
Jorge R. Ganoza President & Director	2018	300,000	Nil	106,167 <sup>(2)</sup>	70,875 <sup>(5)</sup>	Nil	Nil	Nil	477,042
	2017	275,000	Nil	43,202 <sup>(3)</sup>	95,025 <sup>(6)</sup>	29,864 <sup>(9)</sup>	Nil	Nil	443,131
	2016	264,000	Nil	51,748 <sup>(4)</sup>	112,000 <sup>(7)</sup>	68,975 <sup>(10)</sup>	Nil	Nil	496,723
William Tsang CFO <sup>(1)</sup>	2018	64,563 <sup>(1)</sup>	Nil	26,424 <sup>(2)</sup>	Nil	Nil	Nil	Nil	90,987
	2017	70,116 <sup>(1)</sup>	Nil	17,297 <sup>(3)</sup>	Nil	Nil	Nil	Nil	87,413
	2016	65,492 <sup>(1)</sup>	Nil	16,560 <sup>(4)</sup>	Nil	Nil	Nil	Nil	82,502

- (1) Pursuant to a Management Services Agreement between the Corporation and Seabord (as defined below), Mr. Tsang's remuneration is paid by Seabord. See "Management Contracts" for a description of the material terms of the Management Services Agreement.
- (2) The stock option benefit is the grant date fair value using the Black-Scholes option pricing model (see discussion below) using the following assumptions: stock price – C\$0.69, exercise price – C\$0.69, an option life of 5 years, a risk-free interest rate of 2.09% and a volatility of 80%. See the table under "Incentive Plan Awards" for the "in-the-money" value of these options on December 31, 2018.
- (3) The stock option benefit is the grant date fair value using the Black-Scholes option pricing model (see discussion below) using the following assumptions: stock price – C\$0.77, exercise price – C\$0.77, an option life of 5 years, a risk-free interest rate of 1.05% and a volatility of 80%. See the table under "Incentive Plan Awards" for the "in-the-money" value of these options on December 31, 2018.
- (4) The stock option benefit is the grant date fair value using the Black-Scholes option pricing model (see discussion below) using the following assumptions: stock price – C\$0.345, exercise price – C\$0.345, an option life of 5 years, a risk-free interest rate of 0.76% and a volatility of 79%. See the table under "Incentive Plan Awards" for the "in-the-money" value of these options on December 31, 2018.
- (5) Discretionary cash bonuses that were granted to certain NEOs for 2018.
- (6) Discretionary cash bonuses that were granted to certain NEOs for 2017.
- (7) Discretionary cash bonuses that were granted to certain NEOs for 2016.
- (8) Grant of RSU's on February 22, 2018 which vest over a 3-year period and are payable in cash.
- (9) Grant of RSUs' on April 11, 2017 which vest over a 3-year period and are payable in cash.
- (10) Grant of RSUs' on April 12, 2016 which vest over a 3-year period and are payable in cash.

The Corporation has calculated the “grant date fair value” amounts in the ‘Option-based Awards’ column using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the options, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from a simple “in-the-money” value calculation. Stock options that are well “out-of-the-money” can still have a significant “grant date fair value” based on a Black-Scholes valuation. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation. The total compensation shown in the last column is the total compensation of each NEO reported in the other columns. The value of the in-the-money options currently held by each NEO (based on Common Share price less option exercise price) is set forth in the ‘Value of Unexercised in-the-money Options’ column of the “Outstanding Share-Based and Option-Based Awards” table below. The Corporation used this model because it is the methodology used by most Canadian publicly traded companies in valuing and reporting stock options.

### **Employment Agreements**

Pursuant to an Executive Employment Agreement dated April 23, 2012, the Corporation paid to Fernando Ganoza in 2018, US\$340,000 per annum plus medical, travel, disability, and life insurance benefits. In addition to the remuneration payable under this agreement, the Corporation may pay bonuses and grant stock options to Mr. Ganoza.

Mr. Ganoza may terminate his employment with the Corporation at any time by giving not less than six (6) months written notice of termination to the Board. The Board may, at its sole discretion, waive such notice in whole or in part by paying Mr. Ganoza’s salary to the effective date of resignation. Mr. Ganoza may also terminate his employment with the Corporation for Good Reason (as defined below) and, on providing written notice of such resignation to the Board, Mr. Ganoza will be entitled to be paid an amount equal to six months (6) salary, less applicable deductions required by law, and in addition all equity based grants shall vest immediately. “Good Reason” means one or more of the following changes in the circumstances of the Executive's employment without the Executive's express written consent:

- a) a reduction or diminution in the level of authority, responsibility, title or reporting relationship of the Executive;
- b) a reduction in the Executive's compensation including, but not limited to, Base Salary, target annual bonus and benefits; or
- c) a requirement by the Board that the Executive's position and office be based and located in another geographic location.

The Board may authorize the termination of the agreement and Mr. Ganoza’s employment with the Corporation at any time, without cause, by the Corporation providing a lump sum payment equivalent to six (6) months salary.

During 2018, the Corporation agreed to pay Jorge R. Ganoza, the President of the Corporation, a consulting fee of US\$300,000 per annum.

The Corporation has not entered into any other employment or consulting contracts with its other Named Executive Officers.

## D. Incentive Plan Awards

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

The following table sets out for each NEO, the incentive stock options to purchase Common Shares (option-based awards) held as of December 31, 2017. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2018, being the last trading day upon which the Common Shares traded prior to the Corporation's year end of December 31, 2018, was C\$0.285.

Name & Position	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (vested-unvested)	Option exercise price (per share) (C\$)	Option expiration date (m/d/y)	Value of unexercised 'in-the-money' options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of share-based awards that have vested but have not been paid out (\$)
Fernando Ganoza CEO	502,195 - 0	0.79	07/11/2019	0	N/A	N/A	N/A
	291,411 – 291,411 <sup>(1)</sup>	0.345	04/12/2021	0			
	46,729 – 186,916 <sup>(1)</sup>	0.77	04/17/2022	0			
	0 – 472,098 <sup>(1)</sup>	0.69	22/02/2023	0			
Jorge R. Ganoza President	602,889 - 0	0.79	07/11/2019	0	N/A	N/A	N/A
	153,374 – 153,374 <sup>(1)</sup>	0.345	04/12/2021	0			
	23,364 – 93,458 <sup>(1)</sup>	0.77	04/17/2022	0			
	0 – 301,339 <sup>(1)</sup>	0.69	22/02/2023	0			
William Tsang CFO	15,000 – 0	0.79	07/11/2019	0	N/A	N/A	N/A
	49,080 – 49,080 <sup>(1)</sup>	0.345	04/12/2021	0			
	9,346 – 37,383 <sup>(1)</sup>	0.77	04/17/2022	0			
	0 – 75,000	0.69	22/02/2023	0			

- (1) The option-based awards shall vest such that 20% vested twelve months from the date of grant, 30% shall vest 24 months from the date of grant, and the balance shall vest 36 months from the date of grant.
- (2) Options are "in the money" if the market price of the Common Shares is greater than the exercise price of the options. The value of such options is the product of the number of Common Shares multiplied by the difference between the exercise price and the closing market price of the Common Shares on the financial year end. Options which were not vested at the financial year end are not included in this value.

The Compensation Committee's approach to recommending options to be granted is consistent with prevailing practice in the mineral exploration industry. Grants of options depend on the length of service of the NEO. Therefore, there are no formulae followed or performance goals or significant conditions which must be met before options will be granted. Options are always granted at the prevailing market price of the Common Shares.

### *Value of Share-Based and Option-Based Awards Vested or Earned During the Year*

The following table sets forth, for each NEO, the values of all incentive plan awards which vested or were earned during the year ended December 31, 2018.

Name & Position	Value vested during the year		Value earned during the year - Non-equity incentive plan compensation (\$) <sup>(3)</sup>
	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	
Fernando Ganoza CEO	46,793	0	80,482
Jorge R. Ganoza President	24,173	0	40,604
William Tsang CFO <sup>(3)</sup>	8,427	0	0

- (1) The value of an option-based award is the product of the number of Common Shares issuable on the exercise of the option on the vesting date multiplied by the grant date fair value calculated using the Black-Scholes option pricing model, which is described above. Please see the table under “Outstanding Share-based and Option-based Awards to NEOs” for the “in-the-money” value of these options on December 31, 2018.
- (2) The value of a share based award is the product of the number of Common Shares issuable on the vesting date multiplied by the closing market price on the vesting date.
- (3) RSUs that were payable in cash.

### *Option-based Awards Exercised During the Year*

There were no option-based awards exercised during the Corporation’s last completed financial year by the NEOs.

#### **E. Pension Plan Benefits**

The Corporation does not have a pension plan or deferred compensation plan.

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

Other than as described above under ‘Summary Compensation Table – Employment Agreements’, the Corporation has not provided or agreed to provide any compensation to any NEOs as a result of a change of control of the Corporation, its subsidiaries or affiliates.

#### **G. Director Compensation**

The following table describes director compensation for non-executive directors for the year ended December 31, 2018.

Name	Fees earned (\$) <sup>(1)</sup>	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total (\$)
Luis D. Ganoza	30,400	Nil	41,287 <sup>(2)</sup>	Nil	Nil	Nil	71,687
Michael D. Winn	25,700	Nil	29,491 <sup>(2)</sup>	Nil	Nil	Nil	55,191
Mario Szotlender	30,500	Nil	29,491 <sup>(2)</sup>	Nil	Nil	Nil	59,991
Luis Sáenz	33,200	Nil	29,491 <sup>(2)</sup>	Nil	Nil	Nil	62,691

- (1) Compensation paid for board, meeting stipend, and committee chairman fees.
- (2) The stock option benefit is the grant date fair value using the Black-Scholes option pricing model (see discussion below) using the following assumptions: stock price – C\$0.69, exercise price – C\$0.69, an option life of 5 years, a risk-free interest rate of 2.09% and a volatility of 80%. See the table under “Share-Based and Option-based Awards to Directors” for the “in-the-money” value of these options on December 31, 2018.

The Corporation has calculated the “grant date fair value” amounts in the ‘Option-based Awards’ column using the Black-Scholes model, a mathematical valuation model that ascribes a value to a stock option based on a number of factors in valuing the option-based awards, including the exercise price of the options, the price of the underlying security on the date the option was granted, and assumptions with respect to the volatility of the price of the underlying security and the risk-free rate of return. Calculating the value of stock options using this methodology is very different from a simple “in-the-money” value calculation. Stock options that are well “out-of-the-money” can still have a significant “grant date fair value” based on a Black-Scholes valuation. Accordingly, caution must be exercised in comparing grant date fair value amounts with cash compensation or an in-the-money option value calculation. The total compensation shown in the last column is the total compensation of each Director reported in the other columns. The value of the in-the-money options currently held by each Director (based on Common Share price less option exercise price) is set forth in the ‘Value of Unexercised in-the-money Options’ column of the “Share-Based and Option-based Awards to Directors” table below. The Corporation used this model because it is the methodology used by most Canadian publicly traded companies in valuing and reporting stock options.

The methodology used for determining the remuneration of the Board is similar to that used for the remuneration of NEOs. Remuneration of committee chairmen is determined based on their own merits and circumstances after being considered in light of prevailing economic conditions – both on a corporate level and on national and international levels – and industry norms for such remuneration. Levels of remuneration of directors, committee members and committee chairmen are usually first informally discussed among the members of the Compensation Committee before being formally considered and approved by the Board.

The annual fees payable to the independent directors of the Corporation for their services as directors, members, and the chairman of committees of the Board are as follows:

Board or Committee Name	Annual Retainer (\$)	Meeting Stipend
Board of Directors	17,000	1,200 per meeting (Members)
Chairman of the Board of Directors	5,000	N/A
Audit Committee	3,000 (Chairman)	1,200 per meeting (Members)
Compensation Committee	1,500 (Chairman)	1,200 per meeting (Members)
Corporate Governance Committee	1,500 (Chairman)	1,200 per meeting (Members)

### *Share-Based and Option-based Awards to Directors*

The following table sets out for each non-executive director the incentive stock options to purchase Common Shares (option-based awards) held as of the end of the Corporation's last completed financial year. The closing price of the Common Shares on the TSX Venture Exchange on December 31, 2018, being the last trading day upon which the Common Shares traded prior to the Corporation's year end of December 31, 2018, was C\$0.285.

Name	Option-based Awards				Share-based Awards	
	Number of securities underlying unexercised options (vested-unvested)	Option exercise price (per share) (C\$)	Option expiration date (m/d/y)	Value of unexercised 'in-the-money' options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)
Luis D. Ganoza	226,244 - 0	0.79	07/11/2019	0	N/A	N/A
	107,363 – 107,362 <sup>(1)</sup>	0.345	04/12/2021	0		
	16,355 – 65,421 <sup>(1)</sup>	0.77	04/17/2022	0		
	0 – 117,188 <sup>(1)</sup>	0.69	02/22/2023	0		
Michael D. Winn	226,244 - 0	0.79	07/11/2019	0	N/A	N/A
	76,687 – 76,687 <sup>(1)</sup>	0.345	04/12/2021	0		
	11,682 – 46,729 <sup>(1)</sup>	0.77	04/17/2022	0		
	0 – 83,705 <sup>(1)</sup>	0.69	02/22/2023	0		
Mario Szotlender	226,244 - 0	0.79	07/11/2019	0	N/A	N/A
	76,687 – 76,687 <sup>(1)</sup>	0.345	04/12/2021	0		
	11,682 – 46,729 <sup>(1)</sup>	0.77	04/17/2022	0		
	0 – 83,705 <sup>(1)</sup>	0.69	02/22/2023	0		
Luis Sáenz	226,244 - 0	0.79	07/11/2019	0	N/A	N/A
	76,687 – 76,687 <sup>(1)</sup>	0.345	04/12/2021	0		
	11,682 – 46,729 <sup>(1)</sup>	0.77	04/17/2022	0		
	0 – 83,705 <sup>(1)</sup>	0.69	02/22/2019	0		

- (1) The option-based awards shall vest such that 20% vested twelve months from the date of grant, 30% shall vest 24 months from the date of grant, and the balance shall vest 36 months from the date of grant.

- (2) Options are “in the money” if the market price of the Common Shares is greater than the exercise price of the options. The value of such options is the product of the number of Common Shares multiplied by the difference between the exercise price and the closing market price of the Common Shares on the financial year end. Options which were not vested at the financial year end are not included in this value.

The Compensation Committee’s approach to recommending options to be granted is consistent with prevailing practice in the mineral exploration industry. Grants of options depend on the length of service of the directors. Therefore, there are no formulae followed or performance goals or significant conditions which must be met before options will be granted. Options are always granted at the prevailing market price of the Common Shares.

### ***Value of Share-Based and Option-Based Awards Vested or Earned During the Year***

The following table sets forth, for each non-executive director, the values of all incentive plan awards which vested or were earned during the Corporation’s last completed financial year.

Name	Value vested during the year		Value earned during the year – Non-equity incentive plan compensation (\$)
	Option-based awards (\$) <sup>(1)</sup>	Share-based awards (\$) <sup>(2)</sup>	
Luis D. Ganoza	16,921	0	0
Michael D. Winn	12,086	0	0
Mario Szotlender	12,086	0	0
Luis Sáenz	12,086	0	0

- (1) The value of an option-based award is the product of the number of Common Shares issuable on the exercise of the option on the vesting date multiplied by the grant date fair value calculated using the Black-Scholes option pricing model, which is described above. Please see the table under “Outstanding Share-based and Option-based Awards to Directors” for the “in-the-money” value of these options on December 31, 2018.
- (2) The value of a share based award is the product of the number of Common Shares issuable on the vesting date multiplied by the closing market price on the vesting date.

### ***Option-based Awards Exercised During the Year***

There were no option-based awards exercised by non-executive directors during the Corporation’s last completed financial year.

### **Management Contracts**

Pursuant to a management service agreement dated July 1, 2011, as amended February 1, 2014 between the Corporation and Seabord Services Corp. (“**Seaboard**”) of Suite 501, 543 Granville Street, Vancouver, British Columbia, since the commencement of the most recently completed financial year the Corporation has paid C\$19,800 per month to Seabord in consideration of Seabord providing office, reception, secretarial, accounting and corporate records services to the Corporation, including the services of the CFO and Corporate Secretary.

Seabord is a private company wholly-owned by a director of the Corporation, Michael D. Winn of Laguna Beach, California.

## Description of Option Plan

The Board established the Option Plan to attract and motivate the directors, officers and employees of the Corporation (and any of its subsidiaries), employees of any management company and consultants to the Corporation (collectively the “**Optionees**”) and thereby advance the Corporation’s interests by providing them an opportunity to acquire an equity interest in the Corporation through the exercise of stock options granted to them under the Option Plan.

Pursuant to the Option Plan, the Board, based on the recommendations of the Compensation Committee, may grant options to Optionees in consideration of them providing their services to the Corporation or a subsidiary. The number of Common Shares subject to each option is determined by the Board or Committee within the guidelines established by the Option Plan. The options enable the Optionees to purchase Common Shares at a price fixed pursuant to such guidelines. The options are exercisable by the Optionee giving the Corporation notice and payment of the exercise price for the number of Common Shares to be acquired.

The Option Plan authorizes the Board to grant stock options to the Optionees on the following terms:

1. The number of Common Shares subject to issuance pursuant to outstanding options, in the aggregate, cannot exceed 10% of the issued Common Shares.
2. The number of Common Shares subject to issuance upon the exercise of options granted under the Option Plan by one Optionee or all Optionees providing investor relations services is subject to the following limitations:
  - (a) no Optionee can be granted options during a 12 month period to purchase more than:
    - (i) 5% of the issued Common Shares unless disinterested shareholder approval has been obtained (such approval has not been sought); or
    - (ii) 2% of the issued Common Shares, if the Optionee is a consultant; and
  - (b) the aggregate number of Common Shares subject to options held by all Optionees providing investor relations services cannot exceed 2% in the aggregate.
3. Approval by disinterested shareholders must be obtained (such approval has not been, nor is it intended to be, sought) if options granted under the Option Plan, together with all of the Corporation’s previously established and outstanding stock options, stock option plans, employee stock purchase plans or any other compensation or incentive mechanisms involving the issuance or potential issuance of Common Shares, shall result, at any time, in:
  - (a) the number of Common Shares reserved for issuance pursuant to stock options granted to insiders exceeding 10% of the Common Shares outstanding at the time of granting;
  - (b) the grant to insiders, within a one year period, of options to purchase that number of Common Shares exceeding 10% of the outstanding Common Shares; or
  - (c) the issuance to any one insider and such insider’s associates, within a one year period, of Common Shares totalling in excess of 5% of the outstanding Common Shares.



4. The exercise price of the options cannot be set at less than the greater of C\$0.10 per Common Share and the closing trading price of the Common Shares on the day before the granting of the stock options. If the Optionee is subject to the tax laws of the United States of America (“USA”) and owns (determined in accordance with such laws) greater than 10% of the Common Shares, the exercise price shall be at least 110% of the price established as aforesaid.
5. The options may be exercisable for up to 5 years.
6. There are not any vesting requirements unless the Optionee is a consultant providing investor relations services to the Corporation, in which case the options must vest over at least 12 months with no more than one-quarter vesting in any three month period. However, the Board or the Compensation Committee may impose additional vesting requirements and, subject to obtaining any required approval from the Exchange, may authorize all unvested options to vest immediately. If there is a ‘change of control’ of the Corporation (due to a take-over bid being made for the Corporation or similar event), all unvested options, subject to obtaining any required approval from the Exchange, shall vest immediately.
7. The options can only be exercised by the Optionee (to the extent they have already vested) for so long as the Optionee is a director, officer or employee of, or consultant to, the Corporation or any subsidiary or is an employee of the Corporation’s management corporation and within a period thereafter not exceeding the earlier of:
  - (a) the original expiry date;
  - (b) 90 days after ceasing to be a director, officer or employee of, or consultant to, the Corporation at the request of the Board or for the benefit of another director or officer unless the Optionee is subject to the tax laws of the USA, in which case the option will terminate on the earlier of the 90th day and the third month after the Optionee ceased to be an officer or employee; and
  - (c) if the Optionee dies, within one year from the Optionee’s death.

If the Optionee is terminated ‘for cause’, involuntarily removed or resigns (other than at the request of the Board or for the benefit of another director or officer) from any of such positions the option will terminate concurrently.
8. The options are not assignable except to a wholly-owned holding company. If the option qualifies as an ‘incentive stock option’ under the United States Internal Revenue Code, the option is not assignable to a holding company.
9. No financial assistance is available to Optionees under the Option Plan.
10. Any amendments to outstanding stock options are subject to the approval of the Exchange and, if required by the Exchange, of the shareholders of the Corporation, possibly with only ‘disinterested shareholders’ being entitled to vote. Disinterested shareholder approval must be obtained prior to the reduction of the exercise price (including the cancellation and re-issuance of options so as to effectively reduce the exercise price) of options held by insiders of the Corporation. The amendment to an outstanding stock option will also require the consent of the Optionee.

No options have been granted under the Option Plan which are subject to shareholder approval.

The Plan does not permit stock options to be transformed into stock appreciation rights.

### **Repricing of Stock Options**

The Corporation did not make any downward repricing of stock options during the year.

### **Description of RSU Plan**

On April 12, 2016, the Board adopted the RSU Plan. The RSU Plan was established as a vehicle by which equity-based incentives may be awarded to the employees, consultants and officers of the Corporation, to recognize and reward their significant contributions to the long-term success of the Corporation (“**Eligible Persons**”).

The RSU Plan provides that RSU’s may be granted by the Compensation Committee of the Board to Eligible Persons and determine the number of RSU’s to be granted to each Eligible Person, and any vesting conditions, in the Compensation Committee’s sole discretion.

Unless redeemed earlier in accordance with the RSU Plan, the vested RSU’s of each Eligible Person will be redeemed on the Redemption Date (as defined below) for cash in the amount equal to the Fair Market Value of the vested RSU, subject to any applicable deductions and withholdings. Fair Market Value means the arithmetic average of the closing price of the Common Shares on the TSX Venture Exchange for the five (5) trading days on which a board lot was traded immediately prior to the Redemption Date, or if the Common Shares are not listed on the TSX Venture Exchange, then on such other stock exchange or quotation system as may be selected by the Board or Compensation Committee, as applicable, provided that, if the Common Shares are not listed or quoted on any other stock exchange or quotation system, then the Fair Market Value will be the value determined by the Board or Compensation Committee, as applicable, in its sole discretion acting in good faith.

Redemption Date in respect of any RSU means the third anniversary of the grant date on which such RSU was granted to the Eligible Person, unless (i) an earlier date has been approved by the Committee as the Redemption Date in respect of such RSU or (ii) there is a “Change of Control” of the Corporation (as defined in the RSU Plan), the RSU Plan is terminated or upon an Eligible Person’s death or termination of employment.

The Board may from time to time amend or suspend the RSU Plan in whole or in part and may at any time terminate the RSU Plan. No such amendment, suspension or termination shall adversely affect the rights of any Eligible Person at the time of such amendment, suspension or termination with respect to outstanding and unredeemed RSU’s credited to such Eligible Person without the consent of the affected Eligible Person. If the Board terminates the RSU Plan, no new RSU’s will be awarded to any Eligible Person, but outstanding and unredeemed previously credited RSU’s shall remain outstanding, be entitled to payments as provided under Section 3.4, and be paid in accordance with the terms and conditions of this Plan existing at the time of termination. The RSU Plan will finally cease to operate for all purposes when the last remaining Eligible Person receives a payment in satisfaction of all outstanding and unredeemed RSU’s credited to such Eligible Person, or all outstanding and unredeemed RSU’s credited to such Eligible Person are cancelled pursuant to the provisions thereof.

## CORPORATE GOVERNANCE

National Policy 58-101 - *Disclosure of Corporate Governance Practices* of the Canadian securities administrators requires the Corporation to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

### **Board of Directors**

The Board has responsibility for the stewardship of the Corporation including responsibility for strategic planning, identification of the principal risks of the Corporation's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems.

The Board sets long term goals and objectives for the Corporation and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Corporation to senior management but retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Corporation and its business. The Board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Corporation's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks. Directly and through the Audit Committee, the Board also assesses the integrity of internal control over financial reporting and management information systems.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Corporation is authorized to act without Board approval, on all ordinary course matters relating to the Corporation's business.

The Board also monitors the Corporation's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board is responsible for selecting the President and appointing senior management and for monitoring their performance.

The Board considers a director to be "independent" if they are independent and free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with the best interests of the Corporation, other than interests and relationships arising from shareholding. Mario Szotlender and Luis Sáenz are each independent of the Corporation. The Board considers that Fernando E. Ganoza, the CEO of the Corporation, and Jorge R. Ganoza, the President of the Corporation, are not independent because they are members of management. Luis D. Ganoza is not considered independent due to his familial relationship with Fernando E. Ganoza and Jorge R. Ganoza. Michael D. Winn is also not considered independent due to his relationship with Seabord – see "Management Contracts".

## Directorships

Certain of the directors are presently a director of one or more other public companies, as follows:

Director	Other Issuer
Jorge R. Ganoza	Not Applicable
Fernando E. Ganoza	Not Applicable
Luis D. Ganoza	Not Applicable
Michael D. Winn	Alexco Resource Corp. Altus Strategies Plc EMX Royalty Corporation Revelo Resource Corp.
Mario Szotlender	Endeavour Silver Corp. Focus Ventures Ltd. Fortuna Silver Mines Inc. Radius Gold Inc.
Luis Sáenz	Bearing Lithium Corp.

## Orientation and Continuing Education

The Board takes the following measures to ensure that all new directors receive a comprehensive orientation regarding their role as a member of the Board, its committees and its directors, and the nature and operation of the Corporation.

The first step is to assess a new director's set of skills and professional background since each new director brings a different skill set and professional background. Once that assessment has been completed, the Board is able to determine what orientation to the nature and operations of the Corporation's business will be necessary and relevant to each new director.

The second step is taken by one or more existing directors, who may be assisted by the Corporation's management, to provide the new director with the appropriate orientation through a series of meetings, telephone calls and other correspondence.

The Corporation has a Board Policy Manual, which provides a comprehensive introduction to the Board and its committees.

The Board takes the following measures to provide continuing education for its directors to maintain the skill and knowledge necessary for them to meet their obligations as directors:

- the Board annually reviews the Corporation's Charters, Policies and Mandate of the Board which comprise the Board Policy Manual, a copy of which is available to the directors; and
- there is a technical presentation at Board meetings, focusing on either a particular property or a summary of various properties. The 'question and answer' portions of these presentations are a valuable learning resource for the non-technical directors.

## **Ethical Business Conduct**

To comply with its legal mandate, the Board seeks to foster a culture of ethical conduct by striving to ensure the Corporation carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:

- has adopted a written Code of Business Conduct and Ethics for its directors, officers, employees and consultants.
- has established a Whistleblower Policy which details complaint procedures for financial concerns.
- encourages management to consult with legal and financial advisors to ensure the Corporation is meeting those requirements.
- is cognizant of the Corporation's timely disclosure obligations and reviews material disclosure documents such as financial statements, Management's Discussion & Analysis (MD&A) and press releases prior to distribution.
- relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the Corporation's external auditor.
- actively monitors the Corporation's compliance with the Board's directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management.

The Board must also comply with the conflict of interest provisions of the BCA, as well as the relevant securities regulatory instruments, to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or Executive Officer has a material interest.

## **Nomination of Directors**

To identify new candidates for nomination for election as directors, the Board considers the advice and input of the Corporate Governance Committee, the members of which are listed under "Particulars of Matters to be Acted Upon – 4. Election of Directors" and which is composed of a majority of independent directors, regarding:

- the appropriate size of the Board, the necessary competencies and skills of the Board as a whole and the competencies and skills of each director individually; and
- the identification and recommendation of new individuals qualified to become new Board members. New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Corporation, the ability to devote the time required and a willingness to serve.

## **Other Board Committees**

In addition to the Audit Committee, described in the next section, the Board has established the following committees. See "Particulars of Matters to be Acted Upon - 4. Election of Directors" for the members of these committees. The functions of these committees are described below.

*Compensation Committee:* The Compensation Committee is responsible for the review of all compensation (including stock options) paid by the Corporation to the Board, senior management and employees of the Corporation and any subsidiaries, to report to the Board on the results of those reviews and to make recommendations to the Board for adjustments to such compensation. See “Statement of Executive Compensation” for further disclosure on the process for determining compensation for directors and the CEO.

The Compensation Committee consists of three directors (Mario Szotlender (Chairman), Michael Winn, and Luis Sáenz). Each member of the Committee has direct experience relevant to their responsibilities on the Committee, including acting as officers and directors of other publicly traded corporations so that they are familiar with remuneration in the Corporation’s industry.

*Corporate Governance Committee:* The Corporate Governance Committee is responsible for advising the Board of the appropriate corporate governance procedures that should be followed by the Corporation and the Board and monitoring whether they comply with such procedures. The Corporate Governance Committee consists of three directors (Michael Winn (Chairman), Mario Szotlender, and Luis Sáenz).

All committees are currently composed of a majority of independent directors.

### **Assessments**

The Board and the Corporate Governance Committee have not established a process to regularly assess the Board and its committees with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, its committees or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

## **AUDIT COMMITTEE**

National Instrument 52-110 - *Audit Committees* (“**NI 52-110**”) of the Canadian securities administrators requires the Corporation’s Audit Committee to meet certain requirements. It also requires the Corporation to disclose in this Information Circular certain information regarding the Audit Committee. That information is disclosed below.

### **Overview**

The Audit Committee of the Board is principally responsible for:

- recommending to the Board the external auditor to be nominated for election by the Corporation’s shareholders at each annual general meeting and negotiating the compensation of such external auditor;
- overseeing the work of the external auditor, including the resolution of disagreements between the auditor and management regarding the Corporation’s financial reporting;
- pre-approving all non-audit services to be provided to the Corporation, by the auditor;

- reviewing the Corporation’s annual and interim financial statements, Management’s Discussion & Analysis (MD&A) before they are reviewed and approved by the Board and publicly disseminated by the Corporation; and
- reviewing the Corporation’s financial reporting procedures and internal controls to ensure adequate procedures are in place for the Corporation’s public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph.

The Corporation’s auditor reports directly to the Audit Committee.

### **The Audit Committee’s Charter**

The Board has adopted a Charter for the Audit Committee which sets out the Committee’s mandate, organization, powers and responsibilities. The complete Charter is attached as Schedule A to this Information Circular.

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

The Audit Committee consists of three directors. Since the Corporation is a ‘Venture Issuer’ (its securities are listed on the TSX Venture Exchange, but are not listed or quoted on any other exchange or market) the Corporation’s governing corporate legislation requires the Corporation to have an Audit Committee composed of a minimum of three directors, a majority of whom are not officers or employees of the Corporation. The Audit Committee complies with this requirement. As a “Venture Issuer”, the Corporation is exempt from the requirement of NI 52-110 for each member of the Audit Committee to be financially literate, but all members are financially literate.

The following table sets out the names of the members of the Audit Committee and whether they are ‘independent’ and ‘financially literate’.

<b>Name of Member</b>	<b>Independent <sup>(1)</sup></b>	<b>Financially Literate <sup>(2)</sup></b>
Luis D. Ganoza	No	Yes
Luis Sáenz (Committee Chairman)	Yes	Yes
Mario Szotlender	Yes	Yes

(1) To be considered independent, a member of the Committee must not have any direct or indirect ‘material relationship’ with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment.

(2) To be considered financially literate, a member of the Committee must have 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 Corporation’s financial statements.

### **Relevant Education and Experience**

The education and experience of each member of the Audit Committee relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Corporation to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;

3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation’s financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting,

are as follows:

Name of Member	Education	Experience
Luis D. Ganoza	<p>B.Sc. – Mining Engineering Universidad Nacional de Ingenieria Peru</p> <p>MBA – ESAN</p> <p>M.Sc. – Accounting and Finance The London School of Economics</p>	<p>Mr. Ganoza has extensive experience in the financial management of mining companies and currently holds the position of Chief Financial Officer for Fortuna Silver Mines, Inc., a public company listed for trading on the Toronto Stock Exchange and the New York Stock Exchange.</p>
Luis Sáenz (Committee Chairman)	<p>B.A - Economics and International Affairs Franklin &amp; Marshall College in Lancaster, PA</p>	<p>Mr. Sáenz is a finance executive with over 25 years experience in mining finance and metals trading with a focus on Latin America. Mr. Sáenz is currently Director Business Development South America for Ausenco, based in Lima, Peru. He also serves as Director and President South America with Bearing Lithium. Throughout his career, Mr. Sáenz has held senior rolls with Standard Bank of South Africa, Merrill Lynch and Pechiney World Trade.</p>
Mario Szotlender	<p>Degree in international relations</p>	<p>Mr. Szotlender has successfully directed Latin American affairs for numerous private and public companies over the past 20 years and is currently a director and audit committee member of several other publicly-traded mineral exploration and mining companies.</p>

## Complaints

The Audit Committee has established a “Whistleblower Policy” which outlines procedures for the confidential, anonymous submission by employees regarding the Corporation’s accounting, auditing and financial reporting obligations, without fear of retaliation of any kind. If an applicable individual has any concerns about accounting, audit, internal controls or financial reporting matters which they consider to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report their concern in writing and forward it to the Chairman of the Audit Committee in a sealed envelope labelled “*To be opened by the Audit Committee only*”. Further, if the applicable individual wishes to discuss any matter with the Audit Committee, this request should be



indicated in the submission. Any such envelopes received by the Corporation will be forwarded promptly and unopened to the Chairman of the Audit Committee.

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to satisfactorily address each complaint.

The Audit Committee did not receive any complaints during the last financial year.

The “Whistleblower Policy” is reviewed by the Audit Committee on an annual basis.

### **Audit Committee Oversight**

Since the commencement of the Corporation’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

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

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section III.B “Powers and Responsibilities – Performance & Completion by Auditor of its Work” of the Charter.

### **External Auditor Service Fees (By Category)**

The following table discloses the fees billed to the Corporation by its external auditor during the last two financial years.

<b>Financial Year Ending</b>	<b>Audit Fees <sup>(1)</sup></b>	<b>Audit Related Fees</b>	<b>Tax Fees <sup>(2)</sup></b>	<b>All Other Fees</b>
December 31, 2018	107,850	0	0	0
December 31, 2017	116,329	0	0	0

(1) The aggregate fees billed by the Corporation’s auditor for audit fees.

(2) The aggregate fees billed for professional services rendered by the Corporation’s auditor for tax compliance, tax advice and tax planning.

### **Reliance on Exemptions in NI 52-110 regarding Audit Committee Composition & Reporting Obligations**

Since the Corporation is a Venture Issuer, the Corporation has relied on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 *Composition of the Audit Committee* (as described in ‘Composition of the Audit Committee’ above) and Part 5 *Reporting Obligations* of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Corporation’s Annual Information Form, if any, and this Information Circular).

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is or who at any time during the last financial year was a current or former director, executive officer or employee of the Corporation, a proposed nominee for election as a director of the Corporation or an associate of any such director, executive officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Corporation or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as at the end of the Corporation's last completed financial year, information regarding outstanding options, warrants and rights (other than those granted *pro rata* to all shareholders) granted by the Corporation under its equity compensation plans.

### Equity Compensation Plan Information

Plan Category	Number of shares issuable upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for issuance under equity compensation plans <sup>(2)</sup>
Equity compensation plans <b>approved</b> by shareholders	7,246,285	\$0.63	2,603,949
Equity compensation plans <b>not approved</b> by shareholders	N/A	N/A	N/A
<b>Total</b>	<b>7,246,285</b>	<b>\$0.63</b>	<b>2,603,949</b>

(1) Assuming outstanding options, warrants and rights are fully vested.

(2) Excluding the number of Common Shares issuable upon exercise of outstanding options, warrants and rights shown in the second column.

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

Other than as disclosed in this Information Circular, the Corporation is not aware of any material interest, direct or indirect, of any executive officer, director or proposed nominee for director, or anyone who has held office as such since the beginning of the Corporation's last financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting other than the election of directors or the appointment of auditors except for the current and future directors and executive officers of the Corporation and its subsidiaries, if any, inasmuch as, in the following year, they may be granted options to purchase Common Shares pursuant to the Option Plan, approval of which will be sought at the Meeting.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed herein and in the Corporation's Management's Discussion & Analysis for the last financial year, a copy of which is filed on SEDAR at [www.sedar.com](http://www.sedar.com) and which, upon request, the Corporation will promptly provide free of charge (see 'Additional Information' below), there are no material interests, direct or indirect, of current directors, Executive Officers, any persons nominated for election as directors, any shareholder who beneficially owns, directly or indirectly, more than 10 percent of the outstanding Common Shares, or any other informed person of the Corporation, or any known associates or affiliates of such persons, in any transaction since the commencement of the Corporation's most recently completed last financial year or in any proposed transaction which has materially affected or would materially affect the Corporation.

## PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

### 1. Audit Report, Financial Statements & Management's Discussion & Analysis

The Board has approved the financial statements of the Corporation, the auditor's report thereon, and the Management's Discussion & Analysis for the year ended December 31, 2018, all of which will be tabled at the Meeting. No approval or other action needs to be taken at the Meeting in respect of these documents.

### 2. Set Number of Directors to be Elected

Shareholders of the Corporation will be asked to consider and, if thought appropriate, to approve and adopt an ordinary resolution setting the number of directors to be elected at the Meeting.

At the Meeting, it will be proposed that six (6) directors be elected to hold office until the next annual general meeting or until their successors are elected or appointed. **Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the ordinary resolution setting the number of directors to be elected at six (6).**

### 3. Election of Directors

The Corporation currently has six (6) directors and an equal number of directors are being nominated for election. The following table sets forth the name of each of the persons proposed to be nominated for election as a director, all positions and offices in the Corporation presently held by such nominee, the nominee's province or state and country of residence, principal occupation at the present and during the preceding five years (unless shown in a previous management information circular), the period during which the nominee has served as a director, and the number of Common Shares that the nominee has advised are beneficially owned by the nominee or over which control or direction is exercised, directly or indirectly, as of the Record Date.

**Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote for the election of the persons named in the following table to the Board.** Management does not contemplate that any of such nominees will be unable to serve as directors. Each director elected will hold office until the next annual general meeting of shareholders or until their successor is duly elected, unless their office is earlier vacated in accordance with the Articles of the Corporation or the provisions of the corporate law to which the Corporation is subject.

Name and Province or State & Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation During the Past Five Years	Number of Common Shares <sup>(4)</sup>
Jorge R. Ganoza Lima, Peru	President Director since March 11, 2011	President of the Corporation.	3,378,496
Fernando E. Ganoza Lima, Peru	CEO Director since March 24, 2017	CEO of the Corporation.	1,545,000
Luis D. Ganoza <sup>(1)</sup> Lima, Peru	Director since April 15, 2010  Non-Executive Chairman since March 24, 2017	CFO of Fortuna Silver Mines Inc., a mineral resources company engaged in silver and gold mining.	2,823,188
Michael D. Winn <sup>(2)(3)</sup> California, USA	Director since March 11, 2011	President of Seabord Capital Corp. (private consulting company providing analysis of mining and energy companies) since January 2013. President of Seabord Services Corp. (a private company providing management, administrative, and regulatory services to private and public mining companies) since January 2007.	200,000
Mario Sotolender <sup>(1)(2)(3)</sup> Venezuelan Capital District, Venezuela	Director since March 11, 2011	Independent consultant to Fortuna Silver Mines Inc., a mineral resources company engaged in silver and gold mining, and Revelo Resources Corp., a mineral exploration company.  Director of several public mineral exploration companies	1,886,111
Luis Saenz <sup>(1)(2)(3)</sup> Lima, Peru	Director since May 29, 2014	Mr. Sáenz is a finance executive with over 25 years experience in mining finance and metals trading with a focus on Latin America. Mr. Sáenz is currently Director of Business Development South America for Ausenco, based in Lima, Peru. He also serves as Director and President South America with Bearing Lithium. Throughout his career, Mr. Sáenz has held senior rolls with Standard Bank of South Africa, Merrill Lynch and Pechiney World Trade.  [NTD: Please state the principal business of Ausenco and Bearing Lithium, as required by section 7.1(d) of NI 51-102F6.]	0

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Number of Common Shares beneficially owned or over which control or direction is exercised, directly or indirectly, as at the Record Date. No director, together with the director's associates and affiliates beneficially owns or exercises control or direction over, directly or indirectly, 10% or more of the Common Shares.
- (5) None of the proposed directors is to be elected under any arrangement or understanding between the proposed director and the Corporation or a third party (other than the directors and executive officers of the Corporation acting in that capacity).

Pursuant to the provisions of the BCA, the Corporation is required to have an Audit Committee whose members are indicated above. The Corporation does not have an Executive Committee.

No proposed director:

- (a) is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that was the subject of a cease trade 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 that was issued
  - (i) while the proposed director was acting as a director, chief executive officer or chief financial officer of that company, or
  - (ii) after the proposed director ceased to be a director, chief executive officer or chief financial officer of that company but resulted from an event that occurred while acting in such capacity;
- (b) is, as at the date of this Information Circular, or has been, within the 10 years before the date of this Information Circular, a director or executive officer of any company (including the Corporation) that while acting in that capacity or within a year of ceasing to act in that capacity, become 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 the assets of the proposed director;
- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets;
- (d) has entered into, at any time, a settlement agreement with a securities regulatory authority; or
- (e) has been subject to, at any time, any penalties or sanctions imposed by
  - (i) a court relating to securities legislation or a securities regulatory authority, or
  - (ii) a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director,

other than as follows:

Mario Szotlender is a director of a corporation that, in the past 10 years, had its registration under Section 12(g) of the Securities Exchange Act of 1934 (the “**U.S. Exchange Act**”) revoked by the United States Securities and Exchange Commission (“**SEC**”) for failure to keep its filings with the SEC up-to-date. Upon receipt of the SEC’s notice of proposed revocation, the corporation filed a settlement agreement with the SEC consenting to the revocation as the corporation was dormant at the time. This corporation filed a registration statement with the SEC in January 2015 to re-register its common shares under Section 12(g) of the U.S. Exchange Act, which became effective in March 10, 2015. The effectiveness of such registration statement removes the prior restrictions on market participants trading the corporation’s shares in United States markets.

Mario Szotlender, a director of the Corporation, was also a director of Fortuna Silver Mines Inc. (“Fortuna”), and Luis Ganoza, a director of the Corporation, was an executive officer of Fortuna when a management cease trade order was issued by the BCSC on April 3, 2017 against the CEO and CFO of Fortuna in connection with Fortuna's failure to timely file financial statements, related management’s discussion and analysis and an annual information form for its financial year ended December 31, 2016. Fortuna reported that the delay in the filing of these documents was due to pending resolution of a regulatory review of certain of the Company’s filings by the United States Securities and Exchange Commission. On May 25, 2017, the BCSC revoked this management cease trade order after Fortuna filed the required records.

#### **4. Appointment and Remuneration of Auditor**

The firm of Davidson & Company LLP, Chartered Professional Accountants, of Suite 1200, 609 Granville Street, Vancouver, British Columbia, is currently the Auditor of the Corporation and has been the Auditor since October 17, 2011. **Unless otherwise directed, it is the intention of the Management Designees to vote the Proxies in favour of an ordinary resolution to appoint the firm of Davidson & Company LLP, as the Auditor. The ordinary resolution also authorizes the Board to approve the compensation of the Auditor.**

#### **5. Re-Approval of Stock Option Plan**

The Board has established the Option Plan as described under ‘Executive Compensation – Description of Stock Option Plan’. A copy of the Option Plan will be available for Shareholder review at the Meeting.

The policies of the TSX Venture Exchange require stock option plans which reserve for issuance up to 10% (instead of a fixed number) of a listed corporation’s shares to be approved annually by its shareholders. That approval is being sought at the Meeting by way of an ordinary resolution. The persons named in the accompanying Proxy intend to vote in favour of this proposed resolution.

The Shareholders will be asked to approve an ordinary resolution set forth below (the “**Option Plan Resolution**”) approving the Corporation’s existing Option Plan. Following approval of the Option Plan by the Shareholders, any options granted pursuant to the Option Plan will not require further shareholder or Exchange approval unless the exercise price is reduced or the expiry date is extended for an option held by an insider of the Corporation.

To be approved, the Option Plan Resolution must be passed by a majority of the votes cast by the holders of common shares at the Meeting.

“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The Option Plan is hereby approved and shall continue and remain in effect until such time as further ratification is required pursuant to the rules of the TSX Venture Exchange or other applicable regulatory requirements.
2. Any one director or officer of the Corporation is authorized and directed, on behalf of the Corporation, to take all necessary steps and proceedings and to execute, deliver and file any and all declarations, agreements, documents and other instruments and do all such other acts and things that may be necessary or desirable to give effect to this ordinary resolution.”

**Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the ordinary resolution approving the Option Plan.**

## **OTHER BUSINESS**

While there is currently no other business other than that business mentioned in the Notice of Meeting to be presented for action by the Shareholders at the Meeting, **it is intended that the Proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

## **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Corporation at Suite 501, 543 Granville Street, Vancouver, British Columbia V6C 1X8, Canada by mail, telecopier (1-604-688-1157), telephone (1-604-633-9022) or e-mail ([kcasswell@seabordservices.com](mailto:kcasswell@seabordservices.com)) to request copies of the Corporation's financial statements and MD&A.

Financial information for the Corporation's most recently completed financial year is provided in its comparative annual financial statements and MD&A which are filed on SEDAR.

**DATED** this 29<sup>th</sup> day of April, 2019.

**ON BEHALF OF THE BOARD OF DIRECTORS**

(signed) KIM C. CASSWELL

Secretary

**SCHEDULE A**  
**CHARTER**  
**FOR**  
**THE AUDIT COMMITTEE**  
**OF**  
**THE BOARD OF DIRECTORS**  
**OF**  
**ATICO MINING CORPORATION**

**I. MANDATE**

The Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Atico Mining Corporation (the “Company”) shall assist the Board in fulfilling its financial oversight responsibilities. The Committee’s primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company’s financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Company’s independent external auditor (the “**Auditor**”); and
4. The performance of the Company’s internal accounting procedures and Auditor.

**II. STRUCTURE AND OPERATIONS**

A. Composition

The Committee shall be comprised of three members, a majority of whom shall be independent.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the By-Laws of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly elected and qualified or until such member’s



earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

**D. Chair**

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

**E. Sub-Committees**

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

**F. Meetings**

The Committee shall meet at least once in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

**III. DUTIES**

**A. Introduction**

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate

in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

#### B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

##### *Independence of Auditor*

- 1) Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company, consistent with Independence Standards Board Standard 1.
- 2) Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3) Require the Auditor to report directly to the Committee.
- 4) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

##### *Performance & Completion by Auditor of its Work*

- 5) Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
- 6) Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor.
- 7) Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the Auditor unless such non-audit services:
  - (a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of revenues paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided;

- (b) were not recognized by the Company at the time of the engagement to be non-audit services; and
- (c) are promptly brought to the attention of the Committee by Management and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

*Internal Financial Controls & Operations of the Company*

- 8) Establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Preparation of Financial Statements*

- 9) Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- 10) Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
- 11) Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- 12) Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
- 13) Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
  - (i) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor or management.
  - (ii) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

### *Public Disclosure by the Company*

- 14) Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A), annual information form, and management information circular before the Board approves and the Company publicly discloses this information.
- 15) Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
- 16) Review any disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

### *Manner of Carrying Out its Mandate*

- 17) Consult, to the extent it deems necessary or appropriate, with the Auditor but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- 18) Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- 19) Meet, to the extent it deems necessary or appropriate, with management and the Auditor in separate executive sessions at least quarterly.
- 20) Have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other consultants to advise the Committee advisors.
- 21) Make regular reports to the Board.
- 22) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- 23) Annually review the Committee's own performance.
- 24) Provide an open avenue of communication among the Auditor and the Board.
- 25) Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor.

### C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and

disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

Revised and Approved by the Board of Directors: April 16, 2014.