

DISCOVERY METALS CORP.

701 – 55 University Avenue
Toronto, ON M5J 2H7

MANAGEMENT INFORMATION CIRCULAR

(containing information as at Tuesday, May 22, 2018 unless otherwise stated)

**For the Annual General Meeting
to be held on Tuesday, June 26, 2018**

SOLICITATION OF PROXIES

This Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management (the “**Management**”) of Discovery Metals Corp. (the “**Company**”), for use at the annual general and special meeting (the “**Meeting**”) of the shareholders (“**Shareholders**”) of the Company to be held on Tuesday, June 26, 2018, at the time and place and for the purposes set forth in the accompanying Notice of Meeting and at any adjournment thereof.

The enclosed form of proxy (the “**Proxy**”) is solicited by Management. The solicitation will be primarily by mail, however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

APPOINTMENT OF PROXYHOLDERS

The persons named in the Proxy are representatives of the Company.

A Shareholder entitled to vote at the Meeting has the right to appoint a person (who need not be a Shareholder) to attend and act on the Shareholder’s behalf at the Meeting other than the persons named in the accompanying form of proxy. To exercise this right, a Shareholder shall strike out the names of the persons named in the accompanying form of proxy and insert the name of the Shareholder’s nominee in the blank space provided, or complete another suitable form of proxy.

VOTING BY PROXYHOLDER

Manner of Voting

The common shares represented by the Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice on the Proxy with respect to any matter to be acted upon, the shares will be voted accordingly. On any poll, the persons named in the Proxy (the “**Proxyholders**”) will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the Proxyholder will do so in accordance with such direction.

The Proxy, when properly signed, confers discretionary authority on the Proxyholder with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this Circular, Management is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to Management should properly come before the Meeting, the proxies hereby solicited will be exercised on such matters in accordance with the best judgment of the Proxyholder.

In the absence of instructions to the contrary, the Proxyholders intend to vote the common shares represented by each Proxy, properly executed, in favour of the motions proposed to be made at the Meeting as stated under the headings in this Circular.

Revocation of Proxy

A Shareholder who has given a Proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a Proxy may be revoked by instrument in writing executed by the Shareholder or by his or her attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its

common seal or signed by a duly authorized officer and deposited with the Company's registrar and transfer agent, AST Trust Company ("AST") at Suite 1600 – 1066 West Hastings Street, Vancouver, B.C., V6E 3X1, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the Proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

Voting Thresholds Required for Approval

In order to approve a motion proposed at the Meeting, a majority of not less than one-half of the votes cast will be required (an "**Ordinary Resolution**") unless the motion requires a special resolution (a "**Special Resolution**"), in which case a majority of not less than two-thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested Shareholder approval, common shares held by Shareholders of the Company who are also "insiders", as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

ADVICE TO REGISTERED SHAREHOLDERS

Shareholders whose names appear on the records of the Company as the registered holders of common shares in the capital of the Company (the "**Registered Shareholders**") may choose to vote by proxy whether or not they are able to attend the Meeting in person.

Registered Shareholders who choose to submit a Proxy may do so by completing, signing, dating and depositing the Proxy with AST, at Suite 1600 – 1066 West Hastings Street, Vancouver, B.C., V6E 3X1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. The Proxy may be signed by the Shareholder or by his or her attorney in writing, or, if the Registered Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

ADVICE TO BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold shares in their own name.

Shareholders who do not hold their shares in their own name (the "**Beneficial Shareholders**") should note that only proxies deposited by Registered Shareholders can be recognized and acted upon at the Meeting.

If shares are listed in an account statement provided to a Shareholder by an intermediary, such as a brokerage firm, then, in almost all cases, those shares will not be registered in the Shareholder's name on the records of the Company. Such shares will more likely be registered under the name of the Shareholder's intermediary or an agent of that intermediary, and consequently the Shareholder will be a Beneficial Shareholder. In Canada, the vast majority of such shares are registered under the name CDS & Co. (being the registration name for the Canadian Depository for Securities, which acts as nominee for many Canadian brokerage firms). The shares held by intermediaries or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, an intermediary and its agents are prohibited from voting shares for the intermediary's clients. Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person.

These proxy-related materials are being sent to both Registered Shareholders and Beneficial Shareholders of the Company. If you are a Beneficial Shareholder and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. In this event, by choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you; and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a Proxyholder for a Registered Shareholder and vote their shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as Proxyholder for a Registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their shares as a Proxyholder.

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities that they own (“**OBOs**” for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (“**NOBOs**” for Non-Objecting Beneficial Owners).

Non-Objecting Beneficial Owners

Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”), issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy-related materials directly to NOBOs. This year, the Company will rely on those provisions of NI 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (“**VIF**”) from the Company’s transfer agent, AST. These VIFs are to be completed and returned to AST in the envelope provided or by facsimile. In addition, AST provides both telephone voting and internet voting as described on the VIF itself which contains complete instructions. AST will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the VIFs they receive.

If you are a Beneficial Shareholder and the Company or its agent has sent these proxy-related materials to you directly, please be advised that your name, address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding your securities on your behalf. By choosing to send these proxy-related materials to you directly, the Company (and not the intermediaries holding securities your behalf) has assumed responsibility for (i) delivering the proxy-related materials to you and (ii) executing your proper voting instructions as specified in the VIF.

Objecting Beneficial Owners

Beneficial Shareholders who are OBOs should follow the instructions of their intermediary carefully to ensure that their shares are voted at the Meeting.

Applicable regulatory rules require intermediaries to seek voting instructions from OBOs in advance of Shareholders’ meetings. Every intermediary has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by OBOs in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to an OBO by its broker, agent or nominee is limited to instructing the registered holder of the shares on how to vote such shares on behalf of the OBO.

The form of proxy provided to OBOs by intermediaries will be similar to the Proxy provided to Registered Shareholders. However, its purpose is limited to instructing the intermediary on how to vote your shares on your behalf. The majority of intermediaries now delegate responsibility for obtaining instructions from OBOs to Broadridge Investor Communications (“**Broadridge**”). Broadridge typically supplies voting instruction forms, mails those forms to OBOs, and asks those OBOs to return the forms to Broadridge or follow specific telephonic or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the meeting. **An OBO receiving a voting instruction form from Broadridge cannot use that form to vote shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure that such shares are voted.**

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

Except as otherwise disclosed herein, none of the directors (“**Directors**”) or officers (“**Officers**”) of the Company, at any time since the beginning of the Company’s last financial year, nor any proposed nominee for election as a Director, or any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the Meeting exclusive of the election of directors or the appointment of auditors. Directors and Officers may, however, be interested in the approval of the Option Plan as detailed in “*Approval of Stock Option Plan*” below, as such persons are entitled to participate in the Option Plan.

CHANGE IN FINANCIAL YEAR

On December 18, 2017, the Company changed its fiscal year end from August 31 to December 31. As such, references herein to the previous “**financial year**” or “**fiscal year**” refer to the four-month period ended December 31, 2017, and the financial year ended August 31, 2017.

RECORD DATE, VOTING SHARES, AND PRINCIPAL HOLDERS OF VOTING SECURITIES

A Shareholder of record at the close of business on May 22, 2018 (the “**Record Date**”) who either personally attends the Meeting or who has completed and delivered a proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such shareholder’s shares voted at the Meeting, or any adjournment thereof.

The Company’s authorized capital consists of an unlimited number of common shares (the “**Common Shares**”) without par value, and an unlimited number of preferred shares (the “**Preferred Shares**”) without par value. As at the Record Date, the Company has 65,043,998 Common Shares issued and outstanding, each share carrying the right to one vote. There are no Preferred Shares outstanding.

Cal Everett, Jibber Holdings Ltd., and Jasper Holdings Ltd. together, as joint actors, beneficially own and exercise control or direction over an aggregate 7,080,500 Common Shares, representing 10.89% of the Company’s issued and outstanding Common Shares.

To the knowledge of the directors and senior officers of the Company, as of the date of this Circular, no other person owns, directs, or controls, directly or indirectly, 10% or more of the issued and outstanding Common Shares.

EXECUTIVE COMPENSATION

Statement of Executive Compensation

The following information regarding executive compensation is presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation*, and sets forth compensation of Taj Singh, the Chief Executive Officer (“**CEO**”), President and a director of the Company, Andreas L’Abbé, the Chief Financial Officer (“**CFO**”) of the Company, Orest Zajcew, Corporate Secretary and former CFO of the Company (together, with Taj Singh and Andreas L’Abbé, the “**NEOs**”), Mark O’Dea, Murray John, Jesus Miguel Hernandez-Garza, Jose Alberto Vizquerra-Benavides, Jeff Parr, directors of the Company (the “**Directors**”), Scott Ackerman, former President, CEO, Corporate Secretary and director of the Company, Doug McFaul, former CFO and director of the Company, David G. Nelson, former CEO, Chairman and director of the Company and Brent Ackerman, former director of the Company.

Director and NEO Compensation, Excluding Options and Compensation Securities

The following table sets out all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company to each NEO, in any capacity, and each director, for the three most recently completed financial years.

Table of Compensation Excluding Compensation Securities

Name and position	Year⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites	Pension value (\$)	Value of all other compensation (\$)	Total compensation (\$)
Taj Singh ⁽²⁾ Director, President and CEO	Dec. 31, 2017	91,667	96,000	N/A	N/A	N/A	N/A	187,667
	Aug. 31, 2017	11,634	Nil	N/A	N/A	N/A	N/A	11,634
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Andreas L'Abbé ⁽³⁾ CFO	Dec. 31, 2017	18,750	Nil	N/A	N/A	N/A	N/A	18,750
	Aug. 31, 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Orest Zajcew ⁽⁴⁾ Corporate Secretary Former CFO	Dec. 31, 2017	56,666	42,000	N/A	N/A	N/A	N/A	98,666
	Aug. 31, 2017	7,192	Nil	N/A	N/A	N/A	N/A	7,192
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Mark O'Dea ⁽⁵⁾ Director	Dec. 31, 2017	11,667	75,000	N/A	N/A	N/A	N/A	86,667
	Aug. 31, 2017	1,363	Nil	N/A	N/A	N/A	N/A	1,363
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Murray John ⁽⁶⁾ Director	Dec. 31, 2017	15,000	Nil	N/A	N/A	N/A	N/A	15,000
	Aug. 31, 2017	1,753	Nil	N/A	N/A	N/A	N/A	1,753
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jesus Miguel Hernandez-Garza ⁽⁷⁾ Director	Dec. 31, 2017	8,333	Nil	N/A	N/A	N/A	N/A	8,333
	Aug. 31, 2017	974	Nil	N/A	N/A	N/A	N/A	974
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jose Alberto Vizquerra-Benavides ⁽⁸⁾ Director	Dec. 31, 2017	11,667	Nil	N/A	N/A	N/A	N/A	11,667
	Aug. 31, 2017	1,363	Nil	N/A	N/A	N/A	N/A	1,363
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Jeff Parr ⁽⁹⁾ Director	Dec. 31, 2017	11,667	Nil	N/A	N/A	N/A	N/A	11,667
	Aug. 31, 2017	1,078	Nil	N/A	N/A	N/A	N/A	1,078
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Scott Ackerman ⁽¹⁰⁾ Former Director, President, Corporate Secretary and CEO	Dec. 31, 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Aug. 31, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Aug. 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Doug McFaul ⁽¹¹⁾ Former Director and CFO	Dec. 31, 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Aug. 31, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Aug. 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
David G. Nelson ⁽¹²⁾ Former Director, Chairman and CEO	Dec. 31, 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Aug. 31, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Aug. 31, 2016	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brent Ackerman ⁽¹³⁾ Former Director	Dec. 31, 2017	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Aug. 31, 2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Aug. 31, 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A

- (1) On December 18, 2017, the Company changed its fiscal year end from August 31 to December 31. As such, the figures for the period ended December 31, 2017 reflect the four months ended December 31, 2017.
- (2) Taj Singh was appointed as a director and as President and CEO of the Company on August 17, 2017.
- (3) Andreas L'Abbé was appointed as CFO of the Company on December 18, 2017.
- (4) Orest Zajcew was appointed as CFO and Corporate Secretary of the Company on August 17, 2017. Mr. Zajcew resigned as CFO on December 18, 2017.
- (5) Mark O'Dea was appointed as a director of the Company on June 27, 2017.

- (6) Murray John was appointed as a director of the Company on June 27, 2017.
- (7) Jesus Miguel Hernandez-Garza was appointed as a director of the Company on August 17, 2017.
- (8) Jose Alberto Vizquerra-Benavides was appointed as a director of the Company on August 17, 2017.
- (9) Jeff Parr was appointed as a director of the Company on August 17, 2017.
- (10) Scott Ackerman was appointed as a director of the Company on August 19, 2016, and as President and CEO on October 3, 2016. Mr. Ackerman is employed by Emprise Capital Corp. (“ECC”), which provided accounting and administrative services to the Company. Mr. Ackerman was compensated for his services to the Company through periodic grants of stock options by the Company. Mr. Ackerman resigned as a director, President, Corporate Secretary and CEO on August 17, 2017.
- (11) Doug McFaul was appointed as a director of the Company on August 19, 2016, and as CFO on October 3, 2016. Mr. McFaul is employed by ECC, which provided accounting and administrative services to the Company. Mr. McFaul was compensated for his services to the Company through periodic grants of stock options by the Company. Mr. McFaul resigned as a director and CFO on August 17, 2017.
- (12) David G. Nelson was appointed as a director of the Company on April 18, 1997, as Chairman on August 15, 2016, and as CEO on January 21, 2010. Mr. Nelson resigned as Chairman and CEO on October 3, 2016 and as a director on August 17, 2017.
- (13) Brent Ackerman was appointed as a director on June 27, 2017. Mr. Ackerman is employed by ECC, which provided accounting and administrative services to the Company. Mr. Ackerman was compensated for his services to the Company through periodic grants of stock options by the Company. Mr. Ackerman resigned as a director on August 17, 2017.

Stock Options and Other Compensation Securities and Instruments

The following table sets out all compensation securities granted or issued to each NEO and Director by the Company or one of its subsidiaries in the four-month period ended December 31, 2017, and for the financial year ended August 31, 2017:

<i>Compensation Securities</i>							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry Date
Taj Singh Director, President and CEO	Stock Options	500,000	08/17/2017	\$0.60	\$0.60	\$0.49	08/17/2022
Andreas L’Abbé CFO	Stock Options	300,000	11/15/2017	\$0.475	\$0.475	\$0.49	11/15/2022
Orest Zajcew Corporate Secretary Former CFO	Stock Options	300,000	08/17/2017	\$0.60	\$0.60	\$0.49	08/17/2022
Mark O’Dea Director	Stock Options	400,000	08/17/2017	\$0.60	\$0.60	\$0.49	08/17/2022
Murray John Director	Stock Options	600,000	08/17/2017	\$0.60	\$0.60	\$0.49	08/17/2022
Jesus Miguel Hernandez-Garza Director	Stock Options	300,000	08/17/2017	\$0.60	\$0.60	\$0.49	08/17/2022
Jose Alberto Vizquerra-Benavides Director	Stock Options	300,000	08/17/2017	\$0.60	\$0.60	\$0.49	08/17/2022
Jeff Parr Director	Stock Options	300,000	08/20/2017	\$0.60	\$0.60	\$0.49	08/20/2022

Stock Option Plans and Other Incentive Plans

The Company has adopted a stock option plan (the “**Option Plan**”) pursuant to which the Board may grant options (the “**Options**”) to purchase Common Shares of the Company to NEOs, directors and employees of the Company or affiliated corporations and to consultants retained by the Company.

The purpose of the Option Plan is to attract, retain, and motivate NEOs, directors, employees and other service providers by providing them with the opportunity, through options, to acquire an interest in the Company and benefit from the Company's growth. Under the Option Plan, the maximum number of Common Shares reserved for issuance, including Options currently outstanding, is equal to ten (10%) percent of the Shares outstanding from time to time (the "**10% Maximum**"). The 10% Maximum is an "evergreen" provision, meaning that, following the exercise, termination, cancellation or expiration of any Options, a number of Common Shares equivalent to the number of options so exercised, terminated, cancelled or expired would automatically become reserved and available for issuance in respect of future Option grants.

The number of Common Shares which may be the subject of Options on a yearly basis to any one person cannot exceed five (5%) percent of the number of issued and outstanding Shares at the time of the grant. Options may be granted to any employee, officer, director, consultant, affiliate or subsidiary of the Company exercisable at a price which is not less than the market price of common shares of the Company on the date of the grant. The directors of the Company may, by resolution, determine the time period during which any option may be exercised (the "**Exercise Period**"), provided that the Exercise Period does not contravene any rule or regulation of such exchange on which the Common Shares may be listed. All Options will terminate on the earliest to occur of (a) the expiry of their term; (b) the date of termination of an optionee's employment, office or position as director, if terminated for just cause; (c) ninety (90) days (or such other period of time as permitted by any rule or regulation of such exchange on which the Common Shares may be listed) following the date of termination of an optionee's position as a director or NEO, if terminated for any reason other than the optionee's disability or death; (d) thirty (30) days following the date of termination of an optionee's position as a consultant engaged in investor relations activities, if terminated for any reason other than the optionee's disability, death, or just cause; and (e) the date of any sale, transfer or assignment of the Option.

Options are non-assignable and are subject to early termination in the event of the death of a participant or in the event a participant ceases to be a NEO, director, employee, consultant, affiliate, or subsidiary of the Company, as the case may be. Subject to the foregoing restrictions, and certain other restrictions set out in the Option Plan, the Board is authorized to provide for the granting of Options and the exercise and method of exercise of options granted under the Option Plan.

There are presently 5,583,333 Options outstanding under the Option Plan, 3,000,000 of which are held directly and indirectly by NEOs or directors of the Company.

Employment, Consulting and Management Agreements

Management functions of the Company are not, to any substantial degree, performed other than by directors or NEOs of the Company. There are no agreements or arrangements that provide for compensation to NEOs or directors of the Company, or that provide for payments to a NEO or director at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, severance, a change of control in the Company or a change in the NEO or director's responsibilities, other than as follows: (1) Taj Singh, President and Chief Executive Officer, has a management agreement in effect with the Company which provides him with an annual salary of \$275,000 per year; (2) Andreas L'Abbé, Chief Financial Officer, has a management agreement in effect with the Company which provides him with an annual salary of \$150,000 per year; and (3) Orest Zajcew, Corporate Secretary and former Chief Financial Officer, has an employment agreement in effect with provides him with pay at an hourly rate of \$62.50 for hours worked. The management agreements for Mr. Singh and Mr. L'Abbé each have the following severance provisions: (a) payment of 25% of annual salary if termination date is less than 6 months from the effective date of the agreement; (b) payment of 50% of annual salary if termination date is between 6 and 12 months from the effective date of the agreement; (c) payment of 100% of annual salary if termination date is greater than 12 months from the date of the agreement; and (d) in the event of a change of control of the Company, payment of 200% of annual salary as a severance payment. The employment agreement for Mr. Zajcew has no severance provisions.

Oversight and Description of Director and NEO Compensation

Compensation of Directors

Compensation of directors of the Company is reviewed annually and determined by the Compensation Committee of the Board (the "**Compensation Committee**"). The level of compensation for directors is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

In the Board’s view, there is, and has been, no need for the Company to design or implement a formal compensation program for directors. While the Board considers Option grants to directors under the Option Plan from time to time, the Board does not employ a prescribed methodology when determining the grant or allocation of Options. Other than the Option Plan, as discussed above, the Company does not offer any long-term incentive plans, share compensation plans or any other such benefit programs for directors.

Compensation of NEOs

Compensation of NEOs is reviewed annually and determined by the Compensation Committee. The level of compensation for NEOs is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources. Beginning with the 2018 fiscal year, the Compensation Committee has designed and implemented a formal compensation program for NEOs.

Elements of NEO Compensation

As discussed above, the Company provides an Option Plan to motivate NEOs by providing them with the opportunity, through Options, to acquire an interest in the Company and benefit from the Company’s growth. The Board does not employ a prescribed methodology when determining the grant or allocation of Options to NEOs. Other than the Option Plan, the Company does not offer any long-term incentive plans, share compensation plans, retirement plans, pension plans, or any other such benefit programs for NEOs.

Pension Plan Benefits

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information with respect to all compensation plans under which equity securities are authorized for issuance as at December 31, 2017:

Equity Compensation Plan Information			
Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	5,433,333	\$0.55	1,071,067 ⁽¹⁾
Equity compensation plans not approved by securityholders	32,908,960	\$0.98	Nil
Total	38,342,293	\$0.92	1,071,067 ⁽¹⁾

(1) Represents the number of Common Shares available for issuance under the Option Plan, which reserves a number of Common Shares for issuance, pursuant to the exercise of Options, that is equal to 10% of the issued and outstanding Common Shares from time to time.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As of the date hereof, other than indebtedness that has been entirely repaid on or before the date of this Circular or “routine indebtedness”, as that term is defined in Form 51-102F5 of National Instrument 51-102 – *Continuous Disclosure Obligations*, none of

- (a) the individuals who are, or at any time since the beginning of the last financial year of the Company were, a Director or Officer;
- (b) the proposed nominees for election as Directors; or
- (c) any associates of the foregoing persons,

is, or at any time since the beginning of the most recently completed financial year has been, indebted to the Company or any subsidiary of the Company (a “**Subsidiary**”), or is a person whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any Subsidiary.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, “**Informed Person**” means:

- (a) a Director or Officer;
- (b) a Director or executive officer of a person or company that is itself an Informed Person or a Subsidiary;
- (c) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and
- (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below, elsewhere herein or in the Notes to the Company’s financial statements for the four-month period ended December 31, 2017, and for the financial year ended August 31, 2017, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a Director; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in a proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

Jesus Miguel Hernandez-Garza is a Director of the Company and, as disclosed in a news release of the Company dated August 17, 2017, the Company is party to a mineral exploration and option agreement among Mr. Hernandez-Garza and Juan Reynaldo Elizondo Falcon (together, the “**Vendors**”) and the Company dated April 7, 2017, pursuant to which the Company may exercise an option (the “**Puerto Rico Option**”) to acquire certain mineral concessions located in Ocampo, Coahuila, Mexico, forming part of the Puerto Rico mining-metallurgical project (the “**Puerto Rico Property**”) from the Vendors. Pursuant to the Puerto Rico Option, a cash payment of US\$300,000 has been paid to the Vendors and an aggregate of 500,000 common shares in the capital of the Company have been issued to the Vendors, each at the closing of the option agreement. An additional cash payment of US\$300,000 and the issuance of a further 500,000 common shares will be owing to the Vendors upon the receipt of all necessary permits and approvals to conduct drilling activities on the Puerto Rico Mineral Concessions from the applicable authorities, and the issuance of four tranches of 500,000 common shares on each anniversary of the closing of the option agreement, with the first issuance occurring on the second anniversary of said closing. In addition, to fully exercise the Puerto Rico Option and acquire the Puerto Rico Property, the issuance of additional common shares representing the greater of (a) 30% of the Company’s then issued and outstanding share capital, or (b) common shares of an aggregate market value of US\$10,000,000 (subject to maximum ownership interest of the Company by the Vendors of 35%) will be owing to the Vendors. In addition to the Puerto Rico Option, the Company and the Vendors entered into additional mineral concessions as described in the news release dated April 7, 2017, as available at www.sedar.com.

APPOINTMENT OF AUDITOR

PricewaterhouseCoopers, Chartered Accountants (“**PwC**”) is the Company’s auditor and was first appointed as the Company’s auditor on September 13, 2017. Management is recommending the re-appointment of PwC as Auditors for the Company, to hold office until the next annual general meeting of the shareholders at a remuneration to be

fixed by the Board of Directors. Management recommends the appointment, and the persons named in the enclosed form of Proxy intend to vote in favour of such appointment.

MANAGEMENT CONTRACTS

Except as disclosed herein, the Company is not a party to a Management Contract whereby management functions are to any substantial degree performed other than by the directors or executive officers of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

Presentation of Financial Statements

The audited financial statements of the Company for the four-month period ended December 31, 2017, and for the year ended August 31, 2017 (collectively, the “**Financial Statements**”) and the auditor’s report of each thereon (together, the “**Auditor’s Reports**”), will be presented to Shareholders at the Meeting.

The Financial Statements, Auditor’s Reports, and management’s discussion and analysis (“**MD&A**”) for the four-month period ended December 31, 2017, and for the year ended August 31, 2017, are available under the Company’s profile on SEDAR at www.sedar.com. The Notice of Annual General and Special Meeting of Shareholders, Information Circular, Request for Financial Statements (NI 51-102), and form of Proxy will be available from AST, at Suite 1600 – 1066 West Hastings Street, Vancouver, B.C., V6E 3X1 or from the office of the Company’s counsel, which is located at Suite 2200, HSBC Building, 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8.

Appointment and Remuneration of Auditor

Shareholders will be asked to approve the re-appointment of PwC as the auditor of the Company to hold office until the next Annual General Meeting of the Shareholders at remuneration to be fixed by the Board of Directors.

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR appointing PwC as the Company’s independent auditor for the ensuing year, and FOR authorizing the Board to fix the auditor’s pay.

Fixing the Number of Directors

Management proposes, and the persons named in the accompanying form of proxy intend to vote in favour of, fixing the number of Directors for the ensuing year at six (6). Although Management is nominating six (6) individuals to stand for election, the names of further nominees for Directors may come from the floor at the Meeting.

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR fixing the number of Directors at six (6) for the ensuing year.

Election of Directors

The persons named in the enclosed Instrument of Proxy intend to vote in favour of fixing the number of directors at six (6). Although Management is nominating six (6) individuals to stand for election, the names of further nominees for Directors may come from the floor at the Meeting.

Each director of the Company is elected annually and holds office until the next annual general meeting of Shareholders or until his successor is duly elected, unless his or her office is earlier vacated, in accordance with the Articles of the Company.

In the absence of instructions to the contrary, the shares represented by Proxy will be voted for the nominees herein listed. Management does not contemplate that any of the nominees will be unable to serve as a Director.

The following table sets out the names of the persons proposed to be nominated by Management for election as a Director, the province or state and country in which he is ordinarily resident, the positions and offices which each presently holds with the Company, the period of time for which he has been a director of the Company, the respective principal occupations or employment during the past five years if such nominee is not presently an elected director and the number of shares of the Company which each beneficially owns, directly or indirectly, or

over which control or direction is exercised as of the date of this Information Circular. Each of the nominees are currently directors of the Company.

Name, Province and Country of ordinary residence ⁽¹⁾ , and positions held with the Company	Principal occupation and, IF NOT an elected Director, principal occupation during the past five years ⁽¹⁾	Date serving as a Director ⁽²⁾	No. of shares beneficially owned or controlled ⁽¹⁾
TAJ SINGH ⁽⁵⁾ Ontario, Canada President, CEO and Director	President, CEO and Director of Discovery Metals Corp. since August 2017.	August 17, 2017	1,700,000 common shares
MARK O'DEA ⁽⁴⁾ British Columbia, Canada Director	Executive Chairman of True Gold Mining Inc. and Chairman of Liberty Gold Corp.	June 27, 2017	6,400,000 common shares
MURRAY JOHN ⁽³⁾⁽⁴⁾ British Columbia, Canada Director	Lead Director of Osisko Mining Inc. (formerly Oban Mining Corporation) since August 2015.	June 27, 2017	1,550,000 common shares
JESUS MIGUEL HERNANDEZ-GARZA ⁽⁵⁾ Coahuila, Mexico Director	Principal of Revi Minerals S.A. de C.V. since June 2013.	August 17, 2017	250,000 common shares
JOSE ALBERTO VIZQUERRA-BENAVIDES ⁽³⁾⁽⁵⁾ Ontario, Canada Director	Executive Vice President of Strategic Development and Director of Osisko Mining Inc. since October 2012.	August 17, 2017	276,000 common shares
JEFF PARR ⁽³⁾⁽⁴⁾ Ontario, Canada Director	Director and Audit Committee Chair of Kirkland Lake Gold Ltd. since November 2016.	August 20, 2017	200,000 common shares

- (1) This information, not being within the knowledge of the Company, has been furnished by the respective nominees. Information provided as at the Record Date.
- (2) The Company does not set expiry dates for the terms of office of Directors. Each Director holds office as long as he is elected annually by Shareholders at Annual General Meetings, unless his office is earlier vacated in accordance with the Articles of the Company.
- (3) Member of Audit Committee.
- (4) Member of Compensation Committee.
- (5) Member of Health, Safety, and Sustainability Committee.

Cease Trade Orders, Corporate and Personal Bankruptcies, Penalties and Sanctions

For purposes of the disclosure in this section, an “order” means a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days; and for purposes of item (a)(i) below, specifically includes a management cease trade order which applies to directors or executive officers of a relevant company that was in effect for a period of more than 30 consecutive days whether or not the proposed director was named in the order.

Other than disclosed below, none of the proposed directors, including any personal holding company of a proposed director:

- (a) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - (i) was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in effect for a period of more than 30 consecutive days (each, an “order”) that was issued while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or

- (ii) was subject to an order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer of the company; or
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets;
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since December 31, 2000, or before December 31, 2000 if the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed director; or
- (e) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

Murray John remains a director of African Minerals Limited, a company that appointed an Administrator in Insolvency in March 2015.

Approval of Stock Option Plan

Shareholders are being asked to re-approve the Option Plan which was approved by the Shareholders on October 3, 2016. There have been no changes to the Option Plan since it was previously approved by the Shareholders. The Option Plan is subject to the approval of the TSX Venture Exchange (the “**Exchange**”).

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

- (i) The maximum number of Common Shares that may be issued upon the exercise of Options granted under the Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares of the Company at the time of grant, the exercise price of which, as determined by the Board in its sole discretion, shall not be less than the closing price of the Common Shares traded through the facilities of the Exchange prior to the announcement of the option grant, or, if the Common Shares are no longer listed for trading on the Exchange, then such other exchange or quotation system on which the shares are listed or quoted for trading.
- (ii) The Board shall not grant Options to any one person in any twelve (12) month period which will, when exercised, exceed five percent (5%) of the issued and outstanding Common Shares or to any one consultant or to those persons employed by the Company who perform investor relations services which will, when exercised, exceed two percent (2%) of the issued and outstanding Common Shares.
- (iii) Upon expiry of an Option, or in the event an option is otherwise terminated for any reason, the number of shares in respect of the expired or terminated option shall again be available for the purposes of the Option Plan. All Options granted under the Option Plan may not have an expiry date exceeding ten (10) years from the date on which the board of directors grant and announce the granting of the Option.
- (iv) If the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), or ceases to be a consultant of the Company as the case

may be, then the Option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director, ceases to be employed by the Company or ceases to be a consultant of the Company, subject to the terms and conditions set out in the Option Plan.

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

Shareholders will be asked to pass the following Ordinary Resolution approving the Option Plan:

“BE IT RESOLVED THAT the Company’s Option Plan, be and is hereby ratified, confirmed and approved.”

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR approval of the Option Plan.

OTHER MATTERS

As of the date of this Circular, management knows of no other matters to be acted upon at the Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the shares represented by the proxy.

AUDIT COMMITTEE DISCLOSURE

The Charter of the Company’s audit committee and other information required to be disclosed by National Instrument 52-110 – *Audit Committees* is attached to this Circular as Schedule “B”.

CORPORATE GOVERNANCE DISCLOSURE

The information required to be disclosed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* is attached to this Circular as Schedule “C”.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Copies of the Company’s Financial Statements and Management Discussion and Analysis may be obtained without charge upon request from the Company at Suite 701 – 55 University Avenue, Toronto, Ontario, M5J 2H7.

DIRECTOR APPROVAL

The contents of this Circular and the sending thereof to the Shareholders have been approved by the Directors.

DATED this 22nd day of May, 2018.

DISCOVERY METALS CORP.

“Taj Singh”

Taj Singh
President, CEO and Director

SCHEDULE "A"

DISCOVERY METALS CORP.
INCENTIVE STOCK OPTION PLAN

June 26, 2018

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) “Affiliate” has the meaning ascribed thereto by the Exchange;
- (b) “Board” means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than 3 Directors of the Corporation duly appointed to administer this Plan;
- (c) “Charitable Option” means a stock option or equivalent security granted by the Corporation to an Eligible Charitable Organization;
- (d) “Common Shares” means the common shares of the Corporation;
- (e) “Consultant” means an individual who:
 - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Issuer or to an Affiliate of the Issuer, other than services provided in relation to a Distribution;
 - (ii) provides the services under a written contract between the Issuer or an Affiliate of the Issuer and the individual or the Company, as the case may be;
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention of the affairs and business of the Corporation or an Affiliate of the Corporation; and
 - (iv) has a relationship with the Issuer or an Affiliate of the Issuer that enables the Consultant to be knowledgeable about the business and affairs of the Issuer or an Affiliate of the Issuer.

and includes a company of which a Consultant is an employee or shareholder and a partnership of which a Consultant is an employee or partner;

- (f) “Consultant Company” means a Consultant that is a company;
- (g) “Corporation” means DISCOVERY METALS CORP. and its successor entities;
- (h) “Director” means a director, senior officer or Management Company Employee of an Issuer, or of an unlisted company seeking a listing on the Exchange, or a director, senior officer or Management Company Employee of an Issuer or an unlisted company subsidiary or an Affiliate;
- (i) “Disinterested Shareholder Approval” has the meaning ascribed thereto by the Exchange in “Policy 4.4 – Incentive Stock Options” of the Exchange’s Corporate Finance Manual;
- (j) “Eligible Charitable Organization” has the same meaning as set forth in Policy 4.7 – *Charitable Options in Connection with an IPO*;
- (k) “Eligible Person” means a Director, Officer, Employee or Consultant;
- (l) “Employee” means an individual who:

- (i) is considered an employee of the Corporation or an Affiliate under the *Income Tax Act*, i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,
 - (ii) works full-time for the Corporation or an Affiliate providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source, or
 - (iii) works for the Corporation or an Affiliate on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation or the Affiliate over the details and method of work as an employee of the Corporation or the Affiliate, but for whom income tax deductions are not made at source;
- (m) “Exchange” means the TSX Venture Exchange and any successor entity;
 - (n) “Expiry Date” means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
 - (o) “Insider” has the meaning ascribed thereto by the Exchange;
 - (p) “Investor Relations Activities” has the meaning ascribed thereto by the Exchange;
 - (q) “Management Company Employee” means an individual who is employed by a person providing management services to the Corporation or an Affiliate which are required for the ongoing successful operation of the business enterprise of the Corporation or the Affiliate, but excluding a person providing Investor Relations Activities;
 - (r) “Option” means an option to purchase Common Shares pursuant to this Plan;
 - (s) “Other Share Compensation Arrangement” means, other than this Plan and any Options, any stock option plan, stock options, employee stock purchase plan or other compensation or incentive mechanism involving the issuance or potential issuance of Common Shares, including but not limited to a purchase of Common Shares from treasury which is financially assisted by the Corporation by way of loan, guarantee or otherwise;
 - (t) “Participant” means an Eligible Person who has been granted an Option; and
 - (u) “Plan” means this Stock Option Plan.

1.2 Interpretation

- (a) References to the outstanding Common Shares at any point in time shall be computed on a non-diluted basis.

ARTICLE 2 ESTABLISHMENT OF PLAN

2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation and its Affiliates;
- (b) encouraging Eligible Persons to remain with the Corporation or its Affiliates; and
- (c) attracting new Directors, Officers, Employees and Consultants.

2.2 Shares Reserved

- (a) The aggregate number of Common Shares that may be reserved for issuance or issued in any 12-month period is limited to 10% of the issued and outstanding securities of the Corporation. For greater certainty, if an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options granted under this Plan.
- (b) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
 - (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
 - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
 - (iii) the vesting of any Options (subject to the approval of the Exchange if such vesting is mandatory under the policies of the Exchange), including the accelerated vesting thereof on conditions the Board deems advisable,and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.
- (c) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (d) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

2.3 Non-Exclusivity

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

2.4 Effective Date

This Plan shall be subject to the approval of any regulatory authority whose approval is required. Any Options granted under this Plan prior to such approvals being given shall be conditional upon such approvals being given, and no such Options may be exercised unless and until such approvals are given.

ARTICLE 3 ADMINISTRATION OF PLAN

3.1 Administration

- (a) This Plan shall be administered by the Board. Subject to the provisions of this Plan, the Board shall have the authority:
 - (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of

Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited;

(ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.

(b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other persons.

3.2 Amendment, Suspension and Termination

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

3.3 Compliance with Legislation

(a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.

(b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.

(c) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

ARTICLE 4 OPTION GRANTS

4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions, subject to the terms of this Plan.

4.2 Option Agreement

Every Option shall be evidenced by an option agreement executed by the Corporation and the Participant, which shall, if the Participant is an Employee, Consultant or Management Company Employee, contain a representation and warranty by the Corporation and such Participant that such Participant is a bona fide Employee, Consultant or Management Company Employee, as the case may be, of the Corporation or an Affiliate. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

4.3 Limitation on Grants and Exercises

- (a) **To Eligible Persons.** The aggregate number of Common Shares reserved for issuance to any one Eligible Person in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 5% of the outstanding Common Shares at the time of the grant, unless the Corporation has obtained Disinterested Shareholder Approval to exceed such limit.
- (b) **To Consultants.** The aggregate number of Common Shares reserved for issuance to any one Consultant in any 12 month period under this Plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (c) **To Participants conducting Investor Relations Activities.** The aggregate number of Common Shares reserved for issuance to all Eligible Persons conducting Investor Relations Activities in any 12 month period under this plan and any Other Share Compensation Arrangement shall not exceed 2% of the outstanding Common Shares at the time of the grant.
- (d) **To Insiders.** Unless the Corporation has received Disinterested Shareholder Approval to do so, the aggregate number of Common Shares reserved for issuance to Insiders in any 12 month period under this Plan and any Other Share compensation Arrangement shall not exceed 10% of the outstanding Common Shares at the time of grant.

ARTICLE 5 OPTION TERMS

5.1 Exercise Price

- (a) Subject to a minimum exercise price of \$0.05 per Common Share, the exercise price per Common Share for an Option shall not be less than the “Discounted Market Price”, as calculated pursuant to the policies of the Exchange, or such other minimum price as may be required or permitted by the Exchange.
- (b) If Options are granted within ninety days of a distribution by the Corporation by prospectus, then the exercise price per Common Share for such Option shall not be less than the greater of the minimum exercise price calculated pursuant to subsection (a) herein and the price per Common Share paid by the public investors for Common Shares acquired pursuant to such distribution. Such ninety day period shall begin:
 - (i) on the date the final receipt is issued for the final prospectus in respect of such distribution; and
 - (ii) in the case of a prospectus that qualifies special warrants, on the closing date of the private placement in respect of such special warrants.

5.2 Expiry Date

Every Option shall have a term not exceeding and shall therefore expire no later than 10 years after the date of grant.

5.3 Vesting

- (a) Subject to subsection (b) herein and otherwise in compliance with the policies of the Exchange, the Board shall determine the manner in which an Option shall vest and become exercisable.

- (b) Options granted to Consultants performing Investor Relations Activities shall vest over a minimum 12 months with no more than ¼ of such Options vesting in any 3-month period.

5.4 Non-Assignability

Options may not be assigned or transferred.

5.5 Ceasing to be Eligible Person

- (a) If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If a Participant dies prior to otherwise ceasing to be an Eligible Person, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is six months after the date of the Participant's death, always provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after the date of the Participant's death.
- (c) If a Participant ceases to be an Eligible Person other than in the circumstances set out in subsection (a) or (b) herein, each Option held by such Participant shall terminate and shall therefore cease to be exercisable no later than the earlier of the Expiry Date and the date which is 90 days after such event, always provided that the Board may, in its discretion, extend the date of such termination and the resulting period in which such Option remains exercisable to a date not exceeding the earlier of the Expiry Date and the date which is twelve months after such event, and further provided that the Board may, in its discretion, on a case-by-case basis and only with the approval of the Exchange, further extend the date of such termination and the resulting period in which such Option remains exercisable to a date exceeding the date which is after twelve months of such event.
- (d) For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of Section 5.5(b).
- (e) If any portion of an Option is not vested at the time a Participant ceases, for any reason whatsoever, to be an Eligible Person, such unvested portion of the Option may not be thereafter exercised by the Participant or its legal representative, as the case may be, always provided that the Board may, in its discretion further and subject to the approval of the Exchange where the vesting of the said Participant's options was a requirement of the Exchange's policies, thereafter permit the Participant or its legal representative, as the case may be, to exercise all or any part of such unvested portion of the Option that would have vested prior to the time such Option otherwise terminates and therefore ceases to be exercisable pursuant to the terms of this Section. For greater certainty, and without limitation, this provision will apply regardless of whether the Participant ceased to be an Eligible Person voluntarily or involuntarily, was dismissed with or without cause, and regardless of whether the Participant received compensation in respect of dismissal or was entitled to a notice of termination for a period which would otherwise have permitted a greater portion of an Option to vest.

ARTICLE 6 EXERCISE PROCEDURE

6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Corporation at its registered office:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;

- (b) the originally signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant.

6.2 Withholding

The Corporation may withhold from any amount payable to an optionee, either under this Plan or otherwise, such amount as it reasonably believes is necessary to enable the Corporation to comply with the applicable requirements of any federal, provincial, local, or foreign law, or any administrative policy of any applicable tax authority, relating to the withholding of tax or any other required deductions with respect to options (“**Withholding Obligations**”). The Corporation may also satisfy any liability for any such Withholding Obligations, on such terms and conditions as the Corporation may determine in its discretion, by (a) requiring an optionee, as a condition to the exercise of any Options, to make such arrangements as the Corporation may require so that the Corporation can satisfy such Withholding Obligations including, without limitation, requiring the optionee to remit to the Corporation in advance, or reimburse the Corporation for, any such Withholding Obligations or (b) selling on the optionee's behalf, or requiring the optionee to sell, any Shares acquired by the optionee under the Plan, or retaining any amount which would otherwise be payable to the optionee in connection with any such sale.

ARTICLE 7 AMENDMENT OF OPTIONS

7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Participant and the Exchange, including any shareholder approval required by the Exchange. For greater certainty, Disinterested Shareholder Approval is required for any reduction in the exercise price of an Option if the Participant is an Insider at the time of the proposed amendment.

7.2 Amendment Subject to Approval

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

ARTICLE 8 MISCELLANEOUS

8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be

retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. The Courts of the Province of British Columbia shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

SCHEDULE "B"
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE
(VENTURE ISSUERS)

Item 1: The Audit Committee Charter

The following Charter for the Audit Committee (the "Committee") was updated by the Board on December 12, 2017.

Purpose

The purpose of the Committee shall be to provide assistance to the Board of Directors (the Board") in fulfilling its oversight responsibility to the shareholders of the Corporation, potential shareholders, the investment community and others, relating to: (i) the integrity of the Corporation's financial statements; (ii) the Corporation's compliance with legal and regulatory requirements relating to disclosure of financial information and any other matters as may be required; and (iii) the independent auditors' qualifications and independence.

The Committee shall retain and compensate such outside legal, accounting or other advisors as it considers necessary in discharging its role. In fulfilling its purpose, the Committee shall maintain free and open communication between the Committee, the independent auditors and management of the Corporation, and determine that all parties are aware of their responsibilities.

Composition

- (a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time.
- (b) Sufficient members of the Committee shall be "independent" and "financially literate" (as such terms are defined under applicable securities laws and exchange requirements for audit committee purposes) so as to comply with applicable securities laws and stock exchange rules.
- (c) Each member of the Committee shall be able to read and understand fundamental financial statements, including a company's balance sheet, income statement and cash flow statement.
- (d) At least one member of the Committee shall have sufficient experience to be considered a Financial Expert, where such determined by having been a chief financial officer, chartered or certified public accountant, certified management accountant, or partner of an accounting firm.
- (e) Members of the Committee shall be appointed at a meeting of the Board, typically held immediately after the annual shareholders' meeting. Each member shall serve until his/her successor is appointed unless he/she shall resign or be removed by the Board, or he/she shall otherwise cease to be a director of the Corporation. Any member may be removed or replaced at any time by the Board.
- (f) Where a vacancy occurs at any time in the membership of the Committee, it may be filled by a vote of a majority of the Board.
- (g) The Chair of the Committee may be designated by the Board or, if it does not do so, the members of the Committee may elect a chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be an independent director (as described above); the position of Chair of the Committee shall not be filled by the current Chair of the Board.
- (h) If the Chair of the Committee is not present at any meeting of the Committee, one of the other members of the Committee present at the meeting shall be chosen by the Committee to preside.

- (i) The Committee shall appoint a secretary (the "Secretary") who need not be a member of the Committee or a director of the Corporation. The Secretary shall keep minutes of the meetings of the Committee. This role is normally filled by the Secretary of the Corporation.
- (j) No Committee member shall simultaneously serve on the audit committee of more than two other public companies with active business operations or significant assets.

Meetings

- (a) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements, provided that meetings of the Committee shall be convened whenever requested by the external auditors (the "Independent Auditors") or any member of the Committee.
- (b) The Chair of the Committee shall prepare and/or approve an agenda in advance of each meeting.
- (c) Notice of the time and place of every meeting may be given orally, in writing, by facsimile or by email to each member of the Committee at least 48 hours prior to the time fixed for such meeting.
- (d) A member may in any manner waive notice of the meeting. Attendance of a member at the meeting shall constitute waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting was not lawfully called.
- (e) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
- (f) A majority of Committee members, present in person, by video-conference, by telephone or by a combination thereof, shall constitute a quorum.
- (g) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
- (h) If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
- (i) At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the matter will be referred to the Board for decision. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully effective as if it had been made at a meeting duly called and held.
- (j) The CEO and CFO are expected to be available to attend meetings, but a portion of every meeting will be reserved for in camera discussion without the CEO or CFO, or any other member of management, being present.
- (k) The Committee may by specific invitation have other resource persons in attendance such officers, directors and employees of the Corporation and its subsidiaries, and other persons, including the Independent Auditors, as it may see fit, from time to time, to attend at meetings of the Committee.
- (l) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

- (m) The Committee shall have the right to determine who shall and who shall not be present at any time during a meeting of the Committee.
- (n) Minutes of Committee meetings shall be sent to all Committee members.
- (o) The Chair of the Committee shall report periodically the Committee's findings and recommendations to the Board.

Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation and integrity of the Corporation's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Corporation and for implementing and maintaining internal control over financial reporting. The Independent Auditors are responsible for auditing the Corporation's financial statements and, if requested by the Committee, for reviewing the Corporation's unaudited interim financial statements.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or legal counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties.

The Corporation believes that, in carrying out the Committee's responsibilities, its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate "tone" for quality financial reporting and ethical behaviour.

The following shall be the principal duties and responsibilities of the Committee and the Chair of the Committee (the "**Chair**"). These are set forth as a guide with the understanding that the Committee may supplement them as it considers appropriate.

Chair

To carry out its oversight responsibilities, the Chair of the Committee shall undertake the following:

- (a) provide leadership to the Committee with respect to its functions as described in this Charter and as otherwise may be appropriate, including overseeing the logistics of the operations of the Committee;
- (b) chair meetings of the Committee, unless not present (including in camera sessions), and report to the Board following each meeting of the Committee on the findings, activities and any recommendations of the Committee;
- (c) ensure that the Committee meets on a regular basis and at least four times per year; in consultation with the Committee members, establish a calendar for holding meetings of the Committee;
- (d) establish the agenda for each meeting of the Committee, with input from other Committee members, and any other parties, as applicable;
- (e) ensure that Committee materials are available to any director on request;
- (f) act as liaison and maintain communication with the Chair of the Board (or Lead Director if an individual other than the Chair) and the Board to optimize and coordinate input from Board members, and to optimize the effectiveness of the Committee. This includes, at least annually and at such other times and in such manner as the Committee considers advisable, reporting to the full Board on:
 - (g) all proceedings and deliberations of the Committee;
 - (h) the role of the Committee and the effectiveness of the Committee in contributing to the objectives and responsibilities of the Board as a whole; and

- (i) principal operating and business risks identified by management and how each are either mitigated or managed.
- (j) ensure that the members of the Committee understand and discharge their duties and obligations;
- (k) foster ethical and responsible decision making by the Committee and its individual members;
- (l) encourage Committee members to ask questions and express viewpoints during meetings;
- (m) together with the Corporate Governance and Nominating Committee, oversee the structure, composition, membership and activities delegated to the Committee from time to time;
- (n) ensure that resources and expertise are available to the Committee so that it may conduct its work effectively and efficiently and pre-approve work to be done for the Committee by consultants;
- (o) facilitate effective communication between members of the Committee and management;
- (p) encourage the Committee to meet in separate, regularly scheduled, non-management, closed sessions with the Independent Auditors;
- (q) attend each meeting of shareholders to respond to any questions from shareholders as may be put to the Chair; and
- (r) perform such other duties and responsibilities as may be delegated to the Chair by the Board from time to time.

Committee

- (a) The Committee shall be responsible for advising the Board, for the Board's recommendation to shareholders, in respect of the appointment, compensation and retention of the Independent Auditors.
- (b) The Committee shall be directly responsible for the oversight of the work of the Independent Auditors (including resolution of any disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, and the Independent Auditors must report directly to the Committee.
- (c) At least annually, the Committee shall obtain and review a report by the Independent Auditors describing: (i) the firm's internal quality control processes; (ii) any sanctions made by any government or professional authorities respecting independent audits carried out by the firm and any steps taken to deal with any such issues; and (iii) all relationships between the Independent Auditors and the Corporation.
- (d) After reviewing the foregoing report and the Independent Auditors' work throughout the year, and after receiving written confirmation from the auditors declaring their independence, the Committee shall evaluate the auditors' qualifications, performance and independence. Such evaluation shall include the review and evaluation of the lead partner of the Independent Auditors and take into account the opinions of management and any other Corporation personnel involved in the preparation of the Corporation's financial statements.
- (e) The Committee shall determine that the Independent Auditors have a process in place to address the rotation of the lead audit partner and other audit partners servicing the Corporation's account as required under Canadian independence standards.
- (f) The Committee shall pre-approve all audit and non-audit services provided by the Independent Auditors and shall only engage the Independent Auditors to perform non-audit services permitted by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.

(g) The Committee shall discuss with the Independent Auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation, as well as any procedures relating to attestation on the Corporation's Extractive Sector Transparency Measures Act ("ESTMA") reporting.

(h) The Committee shall regularly review with the Independent Auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the Independent Auditors' activities or access to requested information, and management's response. The Committee shall also review with the auditors: any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); any communications between the audit team and the audit firm's national office relating to problems or difficulties encountered with respect to significant auditing or accounting issues; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Corporation.

(i) The Committee shall review and recommend approval of the quarterly financial statements for submission to the Board, as well as the related management's discussion and analysis of financial condition and results of operations ("MD&A"), prior to the release and filing thereof. The Committee shall also discuss with the independent auditors the results of the auditors' quarterly review or other involvement in the preparation of the quarterly statements, as well as any other matters required to be communicated to the Committee by the independent auditors under applicable professional guidelines. The Committee shall discuss and review with management the quarterly certification with respect to financial matters mandated by applicable securities laws.

(j) The Committee shall review and recommend approval of the annual audited financial statements for submission to the Board, as well as the related MD&A, prior to the release and filing thereof. The Committee's review of the financial statements shall include: (i) consideration of any major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles, any major issues as to the adequacy of the Corporation's internal controls and any specific remedial actions adopted in light of material control deficiencies; (ii) discussions with management and the Independent Auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the Independent Auditors about the quality of accounting principles; and (v) consideration of the clarity of the disclosure in the financial statements. The Committee shall also discuss with the Independent Auditors the results of the annual audit and any other matters required to be communicated to the Committee by the Independent Auditors under applicable professional guidelines. The Committee shall discuss and review with management the annual certification with respect to financial matters mandated by applicable securities laws.

(k) The Committee shall also receive and review a report from the Independent Auditors, prior to the release and filing of the Corporation's annual audited financial statements, on all critical accounting policies and practices of the Corporation, any potential alternative treatment of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatment for the disclosure in the financial statements and the treatment preferred by the Independent Auditors, and all other material written communications between the Independent Auditors and management.

(l) The Committee shall review and approve all related party transactions not in the ordinary course of business in the absence of a special committee of the Board of Directors designated for such function.

(m) The Committee shall review all earnings press releases before they are issued and shall ensure that adequate procedures are in place for the review of any other public disclosure of financial information extracted or derived from the Corporation's financial statements.

(n) The Committee shall discuss with management and the Independent Auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management or the auditors in light of applicable securities laws requirements.

- (o) The Committee shall review the results of procedures undertaken by the Independent Auditors relating to ESTMA reporting, and receive and review the auditor's reporting thereon.
- (p) The Committee shall review with management the Corporation's compliance systems in light of applicable legal and regulatory requirements.
- (q) The Committee shall review periodically with management the risk of the Corporation being subject to fraud and the controls in place to manage such risk.
- (r) The Committee shall review financial summaries and disclosures made in accordance with the ESTMA, including but not limited to attestation reports made by a director or officer of the Corporation that the information in the report is true, accurate and complete in all material respects and that reasonable diligence has been exercised.
- (s) The Committee shall ensure that the Corporation establish appropriate policies and procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
- (t) The Committee shall ensure that the Corporation has in effect clear hiring policies for partners, employees and former partners and employees of the Corporation's present and former Independent Auditors that meet applicable legal and regulatory requirements.
- (u) The Committee shall, with the assistance of management, determine the appropriate funding needed by the Committee for payment of: (i) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; (ii) compensation to any advisers employed by the Committee; and (iii) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- (v) To the extent the Corporation maintains an internal audit function, the Committee shall meet periodically with the internal auditors to discuss the overall scope and plans for the internal audit function, including approval of its mandate, and the adequacy and effectiveness of the Corporation's internal controls.
- (w) The Committee shall ensure that the policies established pursuant to the Charter are communicated to the Board, the Corporation's management and employees and other parties as may be appropriate and to the best of its ability shall ensure that such policies are implemented by the audit committees of subsidiary companies where appropriate. The Committee shall also ensure that the necessary follow-up is undertaken with such other audit committees.
- (x) The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- (y) The Committee shall review and reassess the Charter at least annually.

Item 2: Composition of the Audit Committee

National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”) provides that a member of an audit committee is “independent” if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board, reasonably interfere with the exercise of the member's independent judgment.

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

The current members of the Audit Committee are Jeff Parr, Murray John, and Jose Alberto Vizquerra- Benavides, all of whom are independent and financially literate as defined by NI 52-110. The Company is relying on an

exemption provided in Section 6.1 of NI 52-110 from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

Item 3: Relevant Education And Experience

All members of the Audit Committee hold professional accounting designations or have been involved in enterprises which publicly report financial results, each of which requires a working understanding of, and ability to analyze and assess, financial information (including financial statements).

Jeff Parr

Mr. Parr is a member of the Board of Directors of Kirkland Lake Gold Ltd. and serves as Audit Committee Chair. He joined Centerra Gold Inc. in 2006, and was appointed Chief Financial Officer in 2008, a position he held until his retirement in 2016. From 1997 to 2006 he worked for Acres International Ltd. as Chief Financial Officer and from 1988 to 1997, held progressively senior financial positions at WMC International Ltd., ultimately serving as the Executive Vice President. Mr. Parr, a Chartered Professional Accountant (CPA, CA 1984), holds an MBA from McMaster University and a Bachelor of Arts in Economics from the University of Western Ontario. He has over 30 years of experience in the mining and service provider industries.

Mr. Parr is a member of the Canadian Institute of Chartered Professional Accountants, the Institute of Chartered Professional Accountants of Ontario, and the Institute of Corporate Directors. He has served on the Board of the World Gold Council, Mining Association of Canada and was Vice Chair and Director of the Oakville Economic Development Alliance.

Murray John

Prior to his retirement in December 2014, Mr. John was President and Chief Executive Officer of Dundee Resources Limited, a private resource-focused investment company, and Managing Director and a Portfolio Manager with Goodman Investment Counsel, where he was responsible for managing resource and precious metals focused mutual funds and flow-through limited partnerships. Mr. John is the former President and Chief Executive Officer of Corona Gold Corporation and Ryan Gold Corp. He is also a lead director of Osisko Mining Inc., formerly Oban Mining Corp., and a former director of several other public companies. He has been involved with the resource investment industry since 1992 and has worked as an investment banker, buy-side mining analyst, sell-side mining analyst and portfolio manager. Mr. John graduated from the Camborne School of Mines in 1980 with a B. Sc (Hons) in mining engineering and has extensive industry experience working as a mining engineer for Strathcona Mineral Services Ltd., Nanisivik Mines Ltd. and Eldorado Nuclear Limited. He also received a Master of Business Administration from the University of Toronto in 1992.

Jose Alberto Vizquerra-Benavides

Mr. Vizquerra is currently Executive Vice President of Strategic Development & Director at Osisko Mining. For over four years, Mr. Vizquerra served as the President & CEO of Oban Mining Corp., where he led the successful change of business strategy that resulted in Oban's acquisition of Corona Gold, Eagle Hill Exploration Corp. and Ryan Gold to form what is now Osisko Mining. Mr. Vizquerra previously worked as Head of Business Development for Compania de Minas Buenaventura, prior to which he worked as production and exploration geologist at the Red Lake gold mine. Mr. Vizquerra holds a M.Sc. from Queens University in MINEX, and is a Qualified Person (AIGP).

Item 4: Audit Committee Oversight

At no time during the Company's most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor (currently, PwC) not adopted by the Board.

Item 5: Reliance on Certain Exemptions

During the most recently completed financial year, the Company has not relied on any of the following exemptions set out in NI 52-110: Section 2.4 (*De Minimis Non-audit Services*), subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) (*Events Outside Control of Member*), subsection 6.1.1(6) (*Death, Incapacity or Resignation*), or any exemption, in whole or in part, in Part 8 (*Exemptions*).

Item 6: Pre-Approval Policies and Procedures

The Audit Committee has not adopted formal policies and procedures for the engagement of non-audit services. Subject to the requirements of the NI 52-110, the engagement of non-audit services is considered by, as applicable, the Board and the Audit Committee, on a case by case basis.

Item 7: External Auditor Service Fees (By Category)

The following table sets out the aggregate fees charged to the Company by the external auditor in each of the last three financial years for the category of fees described.

	FYE Dec. 31, 2017	FYE Aug. 31, 2017	FYE Aug. 31 2016
Audit Fees ⁽¹⁾	\$10,500	Nil	\$9,000
Audit-Related Fees ⁽²⁾	\$6,300	Nil	Nil
Tax fees ⁽³⁾	Nil	Nil	\$1,000
All Other Fees ⁽⁴⁾	Nil	Nil	Nil
Total Fees:	\$16,800	Nil	\$10,000

- (1) "Audit fees" include aggregate fees billed by the Company's external auditor in each of the last three fiscal years for audit fees.
- (2) "Audited related fees" include the aggregate fees billed in each of the last four-month period and the last two fiscal years for assurance and related services by the Company's external auditor that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit fees" above. The services provided include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax fees" include the estimated aggregate fees billed in each of the last four-month period and the last two fiscal years for professional services rendered by the Company's external auditor for tax compliance, tax advice and tax planning. The services provided include tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All other fees" include the aggregate fees billed in each of the last three fiscal years for products and services provided by the Company's external auditor, other than "Audit fees", "Audit related fees", and "Tax fees" above

Item 8: Exemption

During the most recently completed financial year, the Company relied on the exemption set out in Section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*).

**SCHEDULE “C”
FORM 58-101F2
CORPORATE GOVERNANCE DISCLOSURE
(VENTURE ISSUERS)**

Item 1: Board of Directors

The board of directors of the Company (the “**Board**”) supervises the CEO and the CFO. Both the CEO and CFO are required to act in accordance with the scope of authority provided to them by the Board.

Director	Independence
Taj Singh	Not independent, as he is the President and CEO of the Company
Mark O’Dea	Independent
Murray John	Independent
Jesus Miguel Hernandez-Garza	Not independent, as he is party to the Puerto Rico Option (see <i>Interest Of Informed Persons In Material Transactions in the Management Information Circular</i>)
Jose Alberto Vizquerra-Benavides	Independent
Jeff Parr	Independent

Item 2: Directorships

The following directors of the Company are also currently directors of the following reporting issuers:

Director	Name of Reporting Issuer
Taj Singh	GT Gold Corp.
Mark O’Dea	Liberty Gold Corp. Pure Gold Mining Inc. Sun Metals Corp. (formerly North Bluff Capital Corp.)
Murray John	Osisko Mining Inc.
Jesus Miguel Hernandez-Garza	None
Jose Alberto Vizquerra-Benavides	Alio Gold Inc. (formerly Timmins Gold Corp.) Osisko Mining Inc. Sierra Metals Inc.
Jeff Parr	Kirkland Lake Gold Ltd.

Item 3: Orientation and Continuing Education

The Board does not have a formal process for the orientation of new Board members. Orientation is done on an informal basis. New Board members are provided with such information as is considered necessary to ensure that they are familiar with the Company’s business and understand the responsibilities of the Board.

The Board does not have a formal program for the continuing education of its directors. The Company expects its directors to pursue such continuing education opportunities as may be required to ensure that they maintain the skill and knowledge necessary to fulfill their duties as members of the Board. Directors can consult with the Company’s professional advisors regarding their duties and responsibilities, as well as recent developments relevant to the Company and the Board.

Item 4: Ethical Business Conduct

The Board has adopted a formal Code of Conduct. In the Board's view, the fiduciary duties placed on individual directors by corporate legislation and the common law, and the restrictions placed by corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest, have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

The Company has adopted a number of policies promoting an ethical business culture, including a Code of Business Conduct & Ethics (the "Code"), and an Anti-Bribery and Anti-Corruption Policy. This Code embodies the commitment of the Company and any subsidiaries to conduct its business in accordance with all applicable laws, rules, and regulations and high ethical standards. Directors and Officers of the Company are encouraged to conduct themselves and the business of the Company with the utmost honesty and integrity. Directors are also encouraged to consult with the Company's professional advisors with respect to any issues related to ethical business conduct.

Item 5: Nomination of Directors

The identification of potential candidates for nomination as directors of the Company is carried out by all directors, who are encouraged to participate in the identification and recruitment of new directors. Potential candidates are primarily identified through referrals by business contacts.

Item 6: Compensation

The compensation of directors and the CEO is determined by the Compensation Committee. Such compensation is determined after consideration of various relevant factors, including the expected nature and quantity of duties and responsibilities, past performance, comparison with compensation paid by other issuers of comparable size and nature, and the availability of financial resources.

Item 7: Other Board Committees

The Board does not have any standing committees other than the Audit Committee, Compensation Committee, and Health, Safety, and Sustainability Committee. The function of the Health, Safety, and Sustainability Committee is to assist the Board in fulfilling its oversight responsibilities relating to monitoring sustainable development practices, and the development and implementation of any environmental, health, and safety policies of the Company.

Item 8: Assessments

The Board does not have any formal process for assessing the effectiveness of the Board, its committees, or individual directors. However, each standing committee of the Board (as noted above) has its own charter, each of which requires an annual self-assessment to ensure the committee is properly functioning according to its charter. Such assessments are done on an informal basis by the CEO and the Board as a whole.