



**MANAGEMENT INFORMATION CIRCULAR**  
as at August 13, 2018

**This Information Circular is furnished in connection with the solicitation of proxies by management of Candelaria Mining Corp. for use at the annual general meeting (the “Meeting”) of the shareholders (the “Shareholders”) of Candelaria Mining Corp. to be held at 3:00 p.m. (Vancouver Time) on Tuesday, September 18, 2018 at Suite 1201 – 1166 Alberni Street, Vancouver, British Columbia V6E 3Z3, and any adjournment or postponement thereof, for the purposes set forth in the attached Notice of Annual General Meeting. Except where otherwise indicated, the information contained herein is stated as of August 13, 2018.**

In this Information Circular, references to the “**Company**” and “**we**” refer to Candelaria Mining Corp. “**Common Shares**” means common shares without par value in the capital of the Company. “**Registered Shareholders**” means Shareholders whose names appear on the records of the Company as the registered holders of Common Shares. “**Non-Registered Shareholders**” means Shareholders who do not hold Common Shares in their own name. “**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Non-Registered Shareholders. Unless otherwise indicated, all references to “\$” or “dollars” in this Information Circular means Canadian Dollars.

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. The Company will bear all costs of this solicitation. We have arranged to send meeting materials directly to Registered Shareholders, as well as Non-Registered Shareholders who have consented to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (non-objecting beneficial owners). We have not arranged for Intermediaries to forward the meeting materials to Non-Registered Shareholders who have objected to their ownership information being disclosed by the Intermediary holding the Common Shares on their behalf (objecting beneficial owners). As a result, objecting beneficial owners will not receive the Information Circular and associated meeting materials unless their Intermediary assumes the costs of delivery.

**Appointment and Revocation of Proxies**

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

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Trust Company of Canada (“**Computershare**”), in accordance with the instructions on the Proxy.

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

Every Proxy may be revoked by an instrument in writing:

- (a) executed by the Shareholder or by his/her attorney authorized in writing or, where the Shareholder is a company, by a duly authorized officer or attorney, of the company; and
- (b) delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any adjournment thereof,

or in any other manner provided by law.

**Only Registered Shareholders have the right to revoke a Proxy. Non-Registered Shareholders who wish to change their vote must, at least seven days before the Meeting, arrange for their respective Intermediaries to revoke the Proxy on their behalf. If you are a Non-Registered Shareholder, see “Voting by Non-Registered Shareholders” below for further information on how to vote your Common Shares.**

### **Voting by Proxyholder**

If you vote by proxy, the persons named in the Proxy will vote or withhold from voting the Common Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your Common Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified,
- (ii) any amendment to or variation of any matter identified therein,
- (iii) any other matter that properly comes before the Meeting, and
- (iv) exercise of discretion of the Proxyholder.

**In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy will vote the Common Shares represented by the Proxy for the approval of such matter.** Management is not currently aware of any other matters that could come before the Meeting.

### **Voting by Registered Shareholders**

If you are a Registered Shareholder you may wish to vote by proxy whether or not you are able to attend the Meeting in person. Registered Shareholders electing to submit a proxy may do so by completing, dating and signing the enclosed form of proxy and returning it to the Company’s transfer agent, Computershare Investor Services Inc., in accordance with the instructions on the Proxy.

In all cases you should ensure that the Proxy is received at least 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or the adjournment thereof at which the proxy is to be used. If completed Proxies are received after said deadline, they shall not be accepted for the purpose of voting at the Meeting unless authorized by the Chairman of the Meeting, in his sole discretion.

### **Voting by Non-Registered Shareholders**

The following information is of significant importance to Shareholders who do not hold Common Shares in their own name. Non-Registered Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders.

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

If you have consented to disclosure of your ownership information, you will receive a request for voting instructions from the Company (through Computershare). If you have declined to disclose your ownership information, you may receive a request for voting instructions from your Intermediary if they have assumed the cost of delivering the Information Circular and associated meeting materials. Every Intermediary has its own mailing procedures and provides its own return instructions to clients. However, most Intermediaries now delegate responsibility for obtaining voting instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**") in the United States and in Canada.

If you are a Non-Registered Shareholder, you should carefully follow the instructions on the voting instruction form received from Computershare or Broadridge in order to ensure that your Common Shares are voted at the Meeting. The voting instruction form supplied to you will be similar to the Proxy provided to the Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on your behalf.

The voting instruction form sent by Computershare or Broadridge will name the same persons as the Company's proxy to represent you at the Meeting. **Although as a Non-Registered Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your Intermediary, you, or a person designated by you (who need not be a Shareholder), may attend at the Meeting as Proxyholder for your Intermediary and vote your Common Shares in that capacity.** To exercise this right to attend the meeting or appoint a Proxyholder of your own choosing, you should insert your own name or the name of the desired representative in the blank space provided in the voting instruction form. Alternatively, you may provide other written instructions requesting that you or your desired representative attend the Meeting as Proxyholder for your Intermediary. The completed voting instruction form or other written instructions must then be returned in accordance with the instructions on the form.

**If you receive a voting instruction form from Computershare or Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed as described above and returned in accordance with its instructions well in advance of the Meeting in order to have the Common Shares voted.**

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Except as disclosed herein, no person has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting other than the election of directors as set out herein. For the purpose of this paragraph, "person" shall include each person: (a) who has been a director or executive officer of the Company at any time since the commencement of the Company's last financial year; (b) who is a proposed nominee for election as a director of the Company; or (c) who is an associate or affiliate of a person included in subparagraphs (a) or (b).

#### **RECORD DATE AND QUORUM**

The board of directors (the "**Board**") of the Company has fixed the record date for the Meeting as the close of business on August 13, 2018 (the "**Record Date**"). Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares at the Meeting, except to the extent that any such Shareholder transfers any Common Shares after the Record Date and the transferee of those Common Shares establishes that the transferee owns the Common Shares and demands, not less than ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case, only such transferee shall be entitled to vote such Common Shares at the Meeting.

Under the Company's articles, the quorum for the transaction of business at the Meeting consists of, subject to the special rights and restrictions attached to the share of any class or series of shares, one person who is a Shareholder, or who is otherwise permitted to vote shares of the Company at a meeting of Shareholders pursuant to its articles, present in person or by proxy.

### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company's authorized capital consists of an unlimited number of common shares without par value. As at the Record Date, there were 112,972,585 fully paid and non-assessable Common Shares issued and outstanding, each Common Share carrying the right to one vote. Only Shareholders of record at the close of business on the Record Date will be entitled to vote in person or by Proxy at the Meeting or any adjournment thereof. The outstanding Common Shares are listed for trading on the TSX Venture Exchange (the "TSXV") under the symbol "CAND".

To the knowledge of the directors and executive officers of the Company, the following Shareholder beneficially owns, or controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding voting securities of the Company:

<b>Name</b>	<b>Number of Common Shares Beneficially Owned, Controlled or Directed (directly or indirectly)<sup>(1)</sup></b>	<b>Percentage of Issued and Outstanding Common Shares Owned, Controlled or Directed, (directly or indirectly)<sup>(1)</sup></b>
Javier Reyes	25,537,134 <sup>(2)</sup>	22.60%

**Notes:**

- (1) The information as to the number and percentage of Common Shares beneficially owned, or controlled or directed, directly or indirectly, was derived from the shareholder list maintained by the Company's registrar and transfer agent, or from insider and beneficial ownership reports available on the System for Electronic Disclosure by Insiders at [www.sedi.com](http://www.sedi.com).
- (2) Included in Mr. Reyes' share position are 22,778,135 Common Shares owned by Credipresto SA de CV SOFOM and 1,092,332 Common Shares owned by Antares Capital Fund, Ltd., of which Mr. Reyes is the controlling shareholder.

### **PARTICULARS OF MATTERS TO BE ACTED UPON**

To the knowledge of the Company's directors, the only matters to be placed before the Meeting are those set forth in the accompanying Notice of Meeting and more particularly discussed below.

#### **PRESENTATION OF FINANCIAL STATEMENTS**

The audited annual financial statements of the Company for the financial year ended April 30, 2018 and the auditor's report thereon will be placed before the Meeting. The Company's financial statements are available on the System of Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

#### **ELECTION OF DIRECTORS**

The Company proposes to fix the number of directors of the Company at seven (7) and to nominate the persons listed below for election as directors. Each director will hold office until the next annual general meeting of the Company or until his successor is elected or appointed, unless his office is earlier vacated. 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 for election as a director; their positions and offices in the Company; their principal occupations or employment; the period of time that they have served as directors of the Company; and the number of Common Shares of the Company that each beneficially owns or over which control or direction is exercised, directly or indirectly.

<b>Name, Residence and Present Position within the Company</b>	<b>Director Since</b>	<b>Number of Shares Beneficially Owned, Directly or Indirectly, or Over Which Control or Discretion is Exercised<sup>(1)</sup></b>	<b>Principal Occupation<sup>(1)</sup></b>
<b>Curtis Turner</b> Nevada, USA <i>CEO and Director</i>	June 12, 2017	500,000	CEO of the Company since June 12, 2017. Corporate Development Officer of Argonaut Gold Inc., a TSX listed company, from October 2009 to January 2017.
<b>Ramon Perez</b> Florida, USA <i>President and Director</i>	March 17, 2016	1,666,667	President of the Company since June 12, 2017; formerly CFO and COO of the Company from March 17, 2016 to September 12, 2016 and formerly interim CEO from September 2, 2016 to June 12, 2017. Vice President at Carrelton Asset Management Inc., a natural resource focused asset manager; CFO for Minera Apolo S.A. de C.V.; and Director of Credipresto, S.A. de C.V. ENR, a financial services company.
<b>Mark Backens<sup>(2)(3)</sup></b> British Columbia, Canada <i>Chairman, Director</i>	September 7, 2017	65,000	Director of Alio Gold Inc., a TSX listed company.
<b>Javier Reyes<sup>(2)</sup></b> Mexico City, Mexico <i>Director</i>	March 17, 2016	25,537,134 <sup>(4)</sup>	Founder and President of Credipresto, S.A. de C.V. ENR, a financial services company, and Antares Capital Management Ltd., a company that manages hedge funds.
<b>Manuel Gomez<sup>(3)</sup></b> Baden, Switzerland <i>Director</i>	March 17, 2016	9,296,333 <sup>(5)</sup>	Managing Director at Horizon Asset, Portfolio Manager at GIMA Asset Management.
<b>Javier Montaña</b> Sinaloa, Mexico <i>Director</i>	September 12, 2016	9,466,667 <sup>(6)</sup>	Chief Executive Officer of C-UNO S.A. DE C.V., which is part of a group that owns a series of retail chain stores in Mexico and South America.
<b>Wayne Hubert<sup>(2)(3)</sup></b> Utah, USA <i>Director</i>	September 7, 2017	60,000	Chief Executive Officer and Director of InZinc Mining Ltd., a TSX-V listed company.

**Notes:**

- (1) The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise stated above, any nominees named above not elected at the last annual general meeting have held the principal occupation or employment indicated for at least five years.
- (2) Denotes a member of the Audit Committee of the Company.

- (3) Denotes a member of the Compensation Committee of the Company.
- (4) Included in Mr. Reyes' share position are 22,778,135 Common Shares owned by Credipresto SA de CV SOFOM and 1,092,332 Common Shares owned by Antares Capital Fund, Ltd., of which Mr. Reyes is the controlling shareholder.
- (5) Included in Mr. Gomez's share position are 2,827,000 Common Shares owned by Horizon Art Merchands AG, of which Mr. Gomez is a controlling shareholder.
- (6) Included in Mr. Montañó's share position are 9,466,667 Common Shares owned by C-UNO S.A. DE C.V., of which Mr. Montañó is the controlling shareholder.

### ***Recommendation of the Board***

**The Board recommends that the Shareholders vote "FOR" the ordinary resolution fixing the number of directors of the Company for the ensuing year at seven (7) and "FOR" its nominees for election as directors of the Company for the ensuing year.**

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

To the knowledge of the Company, no proposed director of the Company is, as at the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- (a) was subject to an order that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer, or
- (b) was subject to an order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of subsection (a) above, "order" means:

- (i) a cease trade order;
- (ii) an order similar to a cease trade order; or
- (iii) an order that denied the relevant company access to any exemption under securities legislation

that was in effect for more than 30 consecutive days.

Except as disclosed herein, to the knowledge of the Company, no proposed director of the Company:

- (a) is, as at the date of this Information Circular, or has been within 10 years before the date of this Information Circular, a director or executive officer of any company (including the Company) that, while that person was acting in the 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;
- (b) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director or executive officer;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) 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 securityholder in deciding whether to vote for a proposed director.

## **APPOINTMENT OF AUDITOR**

Management is recommending that shareholders vote to re-appoint Grant Thornton LLP, of #1600 – 333 Seymour Street, Vancouver, British Columbia, V6B 0A4, as the auditor of the Company at a remuneration to be fixed by the Board. The Board resolved on July 21, 2017 to appoint Grant Thornton LLP as the auditor of the Company.

### ***Recommendation of the Board***

**The Board recommends that the Shareholders vote “FOR” the appointment of Grant Thornton LLP as the auditor of the Company for the ensuing year and for the authorization of the Board to determine the remuneration to be paid to the auditor.**

## **APPROVAL OF STOCK OPTION PLAN**

At the Meeting, Shareholders of the Company will be asked to approve the continuation of the Company’s Amended 2012 Stock Option Plan (the “**Stock Option Plan**”). The purpose of the Stock Option Plan is to provide an incentive to directors, employees and consultants to acquire a proprietary interest in the Company, to continue their participation in the affairs of the Company and to increase their efforts on behalf of the Company.

The following summary of the Stock Option Plan does not purport to be complete and is qualified in its entirety by reference to the Stock Option Plan. A full copy of the Stock Option Plan will be available at the Meeting for review by Shareholders. Shareholders may also obtain copies of the Stock Option Plan from the Company prior to the Meeting on written request.

Eligible Participants. Incentive stock options (“**Options**”) may be granted under the Stock Option Plan to directors, senior officers or management company employees of the Company or its subsidiaries (collectively, the “**Directors**”), employees of the Company or its subsidiaries (collectively, the “**Employees**”) or consultants of the Company or its subsidiaries (collectively, the “**Consultants**”). The Board, in its discretion, determines which of the Directors, Employees or Consultants will be awarded Options under the Stock Option Plan.

Number of Shares Reserved. The number of Common Shares which may be issued pursuant to options granted under the Stock Option Plan may not exceed 10% of the issued and outstanding Common Shares as at the closing date of the Company’s initial public offering (“**IPO**”) until the completion of the Company’s Qualifying Transaction, as that term is defined in the TSXV Corporate Finance policy manual, and thereafter will be a maximum of 10% of the issued and outstanding Common Shares at the date of granting the Option, less any Common Shares issuable under the Company’s 2017 Restricted Share Unit Plan). Options that are exercised, cancelled or expire prior to exercise continue to be issuable under the Stock Option Plan.

No Option may be exercised before the completion of Company’s Qualifying Transaction unless the Optionee agrees in writing to deposit the Shares acquired into escrow until the issuance of the Final TSXV Bulletin.

Term of Options. Subject to the termination and change of control provisions noted below, the term of any Options granted under the Stock Option Plan is determined by the Board and may not exceed five years from the date of grant.

Exercise Price. The exercise price of Options granted under the Stock Option Plan is determined by the Board, provided that it is not less than the greater of the Company’s IPO price and the discounted market price, and after the completion of the Company’s Qualifying Transaction not less than the discounted market price, as that term is defined in the TSXV Corporate Finance policy manual or such other minimum price as is permitted by the TSXV in accordance with the policies in effect at the time of the grant, or, if the Common Shares are no longer listed on the TSXV, then such other exchange or quotation system on which the Common Shares are listed or quoted for trading. The exercise price of Options granted to insiders may not be decreased without disinterested Shareholder approval at the time of the proposed amendment.

Vesting. All Options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be prescribed by the TSXV, if applicable, or as may be imposed by the Board.

**Termination.** Any Options granted pursuant to the Stock Option Plan will terminate upon the earliest of:

- (i) such date as fixed by the Board, provided that the date is no more than one year from the date on which the holder ceases to be eligible to hold the Option (the “**Cessation Date**”);
- (ii) the end of the term of the Option;
- (iii) If the Optionee received his or her option as Director, Employee or Consultant of the Company prior to Completion of the Qualifying Transaction and such Optionee ceases to be a Director, Employee or Consultant of the Company prior to Completion of the Qualifying Transaction, other than by reason of death, then the Expiry Date of the option will be 90 days after the date the Optionee ceases to be a Director, Employee or Consultant of the Company. If the Optionee received his or her option as Director, Employee or Consultant of the Company prior to Completion of the Qualifying Transaction and such Optionee ceases to be a Director of the Company concurrently with Completion of the Qualifying Transaction, other than by reason of death, then the Expiry Date of the option will be the later of: (a) 12 months after the Completion of the Qualifying Transaction; and (b) 90 days after the date the Optionee ceases to be a Director of the Company. If the Optionee received his or her option as Director of the Company on or after the Completion of the Qualifying Transaction and such Optionee ceases to be a Director of the Company, other than by reason of death, then the Expiry Date of the option will be 180 days after the date the Optionee ceases to be a Director of the Company.
- (iv) 180 days after the date of the Optionee ceasing to act as an employee engaged in investor relations activities, other than by reason of death; or
- (v) one year from the date of death, if the Cessation Date is as a result of death.

Disinterested Shareholder approval will be sought in respect of any material amendment to the Stock Option Plan.

Shareholders will be asked at the Meeting to approve, with or without variation, the following ordinary resolution:

**“BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. subject to approval by the TSX Venture Exchange, the Amended 2012 Stock Option Plan (the “Stock Option Plan”) of the Company be ratified, confirmed and approved, and that in connection therewith a maximum of 10% of the issued and outstanding Common Shares at the time of each grant, less any Common Shares issuable under the Company’s restricted share unit plan, be approved for granting as options;
2. the Board of the Company be authorized in its absolute discretion to administer the Stock Option Plan and amend or modify the Stock Option Plan, and to appoint an Administrator, all in accordance with its terms and conditions and with the policies of the TSX Venture Exchange; and
3. any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.

If the Stock Option Plan is approved by Shareholders at the Meeting, all options granted following such approval will be subject to, and will vest in accordance with, the terms and conditions of the Stock Option Plan and the option agreements applicable thereto. All outstanding options granted under the Stock Option Plan will continue to be governed by, and will vest in accordance with, the terms and conditions of the Stock Option Plan and the option agreements pursuant to which such options were issued.

A copy of the Stock Option Plan is available at the records office of the Company at Suite 1200 – 750 West Pender Street, Vancouver, British Columbia, Canada, V6C 2T8, until the business day immediately preceding the date of the Meeting, and a copy will also be made available at the Meeting.



**The Board has determined that approval of the Stock Option Plan is in the best interests of the Company and unanimously recommends that the Shareholders vote in favour of the Stock Option Plan Resolution. In order to be approved, the Stock Option Plan Resolution must be passed by a simple majority of the votes cast by the Shareholders at the Meeting. Unless a Shareholder has specified in the enclosed form of proxy that the Common Shares represented by such proxy are to be voted against the Stock Option Plan Resolution, the persons named in the enclosed form of proxy will vote “FOR” the Stock Option Plan Resolution.**

#### **APPROVAL OF RESTRICTED SHARE UNIT PLAN**

The Company has a 2017 restricted share unit plan (the “**RSU Plan**”) which reserves an aggregate of 3,050,310 Common Shares issuable pursuant to restricted share units (“**RSUs**”) to be awarded under the RSU Plan, which was approved by the Shareholders on September 7, 2017, and was subsequently accepted by the TSXV.

The RSU Plan provides that the number of Common Shares that may be issued under such plan, together with Common Shares issuable upon exercise of stock options issued under the Company’s stock option plan (as described above under “Approval of Stock Option Plan” in this information circular) may not exceed 10% of the issued and outstanding Common Shares, on a non-diluted basis, at any time.

As at the date hereof, there are 11,297,258 Common Shares reserved for issuance under security based compensation arrangements (representing 10% of the issued and outstanding Common Shares). There are 849,999 Common Shares issuable upon the redemption of RSUs previously issued and currently outstanding under the RSU Plan (representing approximately 0.75% of the issued and outstanding Common Shares) and 1,125,310 Common Shares available for issuance pursuant to future grants of RSUs under the RSU Plan (representing approximately 1.00% of the issued and outstanding Common Shares).

The Board and Management proposes to increase the maximum number of Common Shares issuable under the RSU Plan to 3,381,677 Common Shares, being 3% of the issued and outstanding Common Shares as at the date of Board approval of the amended RSU Plan (the “**Amended RSU Plan**”). The Amended RSU Plan will be put forth before the Meeting for requisite Shareholder approval and is subject to regulatory approval. The maximum number of Common Shares to be available for issuance from treasury under the Amended RSU Plan will not exceed 3,381,677 Common Shares, which together with Common Shares issuable upon exercise of stock options issued under the Company’s stock option plan may not exceed 10% of the issued and outstanding Common Shares, on a non-diluted basis, at any time.

#### **Summary of the Amended RSU Plan**

Set out below is a summary of the Amended RSU Plan. This summary is qualified in its entirety by the full text of the Amended RSU Plan, a copy of which is available for review at the records office of the Company.

#### **Eligible Participants**

Directors, officers, employees and eligible consultants of the Company are eligible to participate in the Amended RSU Plan (the “**Participants**”). In accordance with the terms of the Amended RSU Plan, the Board will approve those Participants who are entitled to receive RSUs and the number of RSUs to be awarded to each Participant. The Amended RSU Plan shall be administered by the Board or, if the Board determines in accordance with Section 2.3 of the Amended RSU Plan, a committee of the Board (the “**Committee**”) authorized to administer the Amended RSU Plan.

### Vesting

Each award of RSUs under the Amended RSU Plan to a Participant (a “**RSU Award**”) will entitle the Participant, subject to the Participant’s satisfaction of any conditions, restrictions, vesting period or limitations imposed under the Amended RSU Plan or set out a RSU grant letter, to receive one previously unissued Common Share for each RSU on the date when the RSU Award is fully vested. Except as otherwise provided in a RSU grant letter or any other provision of the Amended RSU Plan, the vesting period of the RSUs granted pursuant to Section 3.4 of the Amended RSU Plan will be determined by the Board and may not exceed three years following the Grant Date.

### Maximum Number to be Granted

The Amended RSU Plan includes the following restrictions on issuances:

- (a) The number of Common Shares issuable from treasury to any one Participant under the Amended RSU Plan shall not exceed 3% of the total number of Common Shares issued and outstanding from time to time, and, together with any Common Shares issuable pursuant to all other Security-Based Compensation Arrangements (as defined in the Amended RSU Plan) of the Company shall not exceed 10% of the issued and outstanding Common Shares from time to time;
- (b) The number of Common Shares issuable from treasury to insiders under the Amended RSU Plan, together with any Common Shares issuable pursuant to all other Security Based Compensation Arrangements of the Company, within any one-year period, shall not exceed 10% of the issued and outstanding Common Shares; and
- (c) The maximum number of Common Shares issuable to any one individual, at any time, pursuant to the Amended RSU Plan and any other Security Based Compensation Arrangements of the Company, is 1% of the total number of Common Shares then outstanding and in the aggregate, 2% of the total number of Common Shares in any 12-month period.

### Cessation of Entitlement

Subject to the foregoing, in the event of:

- (a) the death of a Participant, all unvested RSUs credited to the Participant will vest on the date of the Participant’s death. The Common Shares underlying the RSUs credited to the Participant’s account shall be issued to the Participant’s estate as soon as practicable thereafter;
- (b) the total disability of a Participant, all unvested RSUs credited to the Participant will vest within 60 days following the date on which the Participant is determined to be totally disabled, and the Common Shares underlying such RSUs credited to the Participant’s account shall be issued to the Participant as soon as practicable thereafter;
- (c) the termination without cause of a Participant, all unvested RSUs credited to the Participant will be cancelled on the date of termination;
- (d) the termination of the employment or services of the Participant, prior to the Participant’s Entitlement Date, for any reason other than death, disability, retirement or termination without cause, then, except as provided for in the RSU grant letter or as determined by the Committee, all RSUs will be forfeited by the Participant, and be of no further force and effect, as of the date of Termination; and
- (e) a Change of Control, all RSUs outstanding shall immediately vest on the date of such Change of Control notwithstanding any stated vesting period. In any event, upon a Change of Control, Participants shall not be treated any more favourably than shareholders of the Company with respect to the consideration that the Participants would be entitled to receive for the Common Shares underlying the RSUs.

## Transferability

RSUs are not assignable or transferable other than by operation of law, except, if and on such terms as the Company may permit, to a spouse or minor children or grandchildren or a personal holding company or family trust controlled by a participant, the sole shareholders or beneficiaries of which, as the case may be, are any combination of the Participant, the Participant's spouse, minor children or minor grandchildren, and after the Participant's lifetime shall enure to the benefit of and be binding upon the Participant's designated beneficiary.

## Amendments to the Amended RSU Plan

The Board or the Committee, as the case may be, may discontinue the Amended RSU Plan at any time without first obtaining shareholder approval, provided that, without the consent of a Participant, such discontinuance may not in any manner adversely affect the Participant's rights under any RSU granted under the Amended RSU Plan.

- (a) The Board or the Committee may, subject to receipt of requisite regulatory and shareholder approval, make the following amendments to the Amended RSU Plan:
  - (i) increase the number of RSUs which may be issued pursuant to the Amended RSU Plan;
  - (ii) change the definition of "Participant" under the Amended RSU Plan which would have the potential of narrowing, broadening or increasing insider participation;
  - (iii) reduce the range of amendments requiring shareholder approval contemplated in Section 5.3 of the Amended RSU Plan;
  - (iv) make amendments that may lead to significant or unreasonable dilution to the Company's outstanding securities, or that may provide additional benefits to Participants at the expense of the Company or its shareholders;
  - (v) change insider participation limits which would result in shareholder approval being required on a disinterested basis; or
  - (vi) make amendments to Section 5.4 of the Amended RSU Plan that would permit RSUs, or any other right or interest of a Participant under the Amended RSU Plan, to be assigned or transferred, other than for normal estate settlement purposes.
  
- (b) The Board or the Committee may, subject to receipt of requisite regulatory approval (where required), but not subject to shareholder approval, in its sole discretion make all other amendments to the Amended RSU Plan that are not of the type contemplated above, including, without limitation:
  - (i) amendments of a housekeeping nature;
  - (ii) the addition or a change to the vesting provisions of a RSU or the Amended RSU Plan;
  - (iii) a change to the termination provisions of a RSU or the Amended RSU Plan;
  - (iv) amendments to reflect changes to applicable securities laws; and
  - (v) amendments to ensure that the RSUs granted under the Amended RSU Plan will comply with any provisions respecting income tax and other laws in force in any country or jurisdiction of which a Participant to whom a RSU has been granted may from time to time be a resident, citizen or otherwise subject to tax therein.

To be effective, the resolution approving the Amended RSU Plan requires the affirmative vote of a majority of the votes cast by the Shareholders voting in person or by proxy at the Meeting, excluding the votes attached to Common Shares held by excluding votes cast by insiders of the Company. The votes attached to an aggregate of 56,114,023 Common Shares owned, controlled or directed by the following insiders of the Company holding Common Shares as of the Record Date will be excluded from voting in determining whether the Amended RSU Plan has been approved by disinterested Shareholders:

<b>Name</b>	<b>Number of Common Shares<sup>(1)</sup></b>
Ramon Perez	1,666,667
Curtis Turner	500,000
Armando Alexandri	83,333
Sam Wong	50,000
Mark Backens	65,000
Wayne Hubert	60,000
Javier Reyes	25,537,134 <sup>(2)</sup>
(Sergio) Manuel Gomez	9,296,333 <sup>(3)</sup>
Javier Montaña	9,466,667 <sup>(4)</sup>
Alberto Emiliano Cinta Martinez	9,388,889

(1) Number of Common Shares held is as of the date hereof.

(2) Includes 22,778,135 Common Shares owned by Credipresto SA de CV SOFOM, of which Mr. Reyes is the controlling shareholder, and 1,092,332 Common Shares owned by Antares Capital Fund, Ltd., of which Mr. Reyes is the controlling shareholder.

(3) Includes 2,827,000 Common Shares owned by Horizon Art Merchands AG, of which Mr. Gomez is a controlling shareholder.

(4) Includes 9,466,667 Common Shares owned by C-UNO S.A. DE C.V., of which Mr. Montaña is the controlling shareholder.

At the Meeting, Shareholders will be asked to consider, and if deemed advisable, to approve the following ordinary resolution to approve the Amended RSU Plan (the “**RSU Plan Resolution**”):

**“BE IT RESOLVED THAT:**

1. subject to the approval of the TSX Venture Exchange, the Amended 2017 Restricted Share Unit Plan (the “**Amended RSU Plan**”) of the Company be and it hereby is approved, and that in connection therewith a maximum of 3,381,677 common shares of the Company be reserved for issuance in respect of restricted share units awarded thereunder, which together with common shares issuable upon exercise of stock options issued under the Company’s stock option plan may not exceed 10% of the issued and outstanding common shares, on a non-diluted basis, at any time;
2. the Board of the Company be authorized in its absolute discretion to administer the Amended RSU Plan and amend or modify the Amended RSU Plan in accordance with its terms and conditions and with the policies of the TSX Venture Exchange; and
3. any director or officer of the Company be authorized and directed to do all acts and things and to execute and deliver all documents required, as in the opinion of such director or officer may be necessary or appropriate in order to give effect to this resolution.”

**The Board recommends that Shareholders vote “FOR” the resolution approving the Amended RSU Plan.**

## OTHER BUSINESS

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

### STATEMENT OF EXECUTIVE COMPENSATION

For the purposes set out below a “**Named Executive Officer**” or “**NEO**” means:

- (a) the Company’s chief executive officer (“**CEO**”);
- (b) the Company’s chief financial officer (“**CFO**”);
- (c) in respect of the Company and its subsidiaries, the most highly compensated executive officer other than the CEO and the CFO, at the end of the most recently completed financial year whose total compensation was more than \$150,000 for that financial year; and
- (d) each individual who would be a named executive officer under subsection (c) above but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity, at the end of that financial year.

As at April 30, 2018, the end of the most recently completed financial year of the Company, the Company had three (3) NEOs, whose name and positions held within the Company are set out in the summary compensation table below.

#### Director and Named Executive Officer Compensation

The following table is a summary of compensation (excluding compensation securities) paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Company, or a subsidiary of the Company to each NEO and director for each of the Company’s two most recently completed financial years.

Table of compensation excluding compensation securities							
Name and position	Year Ended April 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Curtis Turner</b> <sup>(1)</sup> CEO and Director	2018	194,442	Nil	Nil	Nil	Nil	194,442
<b>Ramon Perez</b> <sup>(2)</sup> President and Director	2018	123,303	Nil	Nil	Nil	Nil	123,303
	2017	105,400	Nil	Nil	Nil	Nil	105,400
<b>Sam Wong</b> <sup>(3)</sup> CFO and Corporate Secretary	2018	66,979	Nil	Nil	Nil	Nil	66,979
	2017	21,000	Nil	Nil	Nil	Nil	21,000

Table of compensation excluding compensation securities							
Name and position	Year Ended April 30	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
<b>Armando Alexandri</b> <sup>(4)</sup> COO	2018	123,303	Nil	Nil	Nil	Nil	123,303
	2017	111,692	Nil	Nil	Nil	Nil	111,692
<b>Javier Reyes</b> <sup>(5)</sup> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Manuel Gomez</b> <sup>(6)</sup> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Javier Montaña</b> <sup>(7)</sup> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
<b>Wayne Hubert</b> <sup>(8)</sup> Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Mark Backens</b> <sup>(9)</sup> Chairman, Director	2018	Nil	Nil	Nil	Nil	Nil	Nil
<b>Sokhie Puar</b> <sup>(10)</sup> Former Chairman, former CEO, former President and former Director	2018	32,110	Nil	Nil	Nil	Nil	32,110
	2017	89,590	Nil	Nil	Nil	Nil	89,590

**Notes:**

1. Curtis Turner was appointed the CEO and a director of the Company on June 12, 2017. Mr. Perez was paid \$194,442 (being the equivalent of US\$151,388 calculated using annual average of fiscal year ended April 30, 2018 of US\$1.00:CDN\$1.2844).
2. Ramon Perez was appointed the CFO, COO and a director of the Company on March 17, 2016. He resigned as the CFO and COO on September 12, 2016. Mr. Perez was appointed interim CEO of the Company on September 12, 2016 and resigned as the interim CEO on June 12, 2017. Mr. Perez was appointed as the President of the Company on June 12, 2017. Mr. Perez was paid \$123,303 (being the equivalent of US\$96,000 calculated using annual average of fiscal year ended April 30, 2018 of US\$1.00:CDN\$1.2844)
3. Sam Wong was appointed the CFO and the Corporate Secretary of the Company on September 12, 2016.
4. Armando Alexandri was appointed the COO of the Company on September 14, 2016. Mr. Alexandri was paid \$123,303 (being the equivalent of US\$96,000 calculated using annual average of fiscal year ended April 30, 2018 of US\$1.00:CDN\$1.2844).

5. Javier Reyes was appointed a director of the Company on March 17, 2016.
6. Manuel Gomez was appointed a director of the Company on March 17, 2016.
7. Javier Montaña was appointed a director of the Company on September 12, 2016.
8. Wayne Hubert was appointed a director of the Company on September 7, 2017.
9. Mark Backens was appointed a director of the Company on September 7, 2017.
10. Sokhie Puar was appointed the President, CEO and Corporate Secretary of the Company April 17, 2012. He resigned as the CEO and Corporate Secretary on September 12, 2016, and he was appointed the Chairman on September 12, 2016. He resigned as the President of the Company on June 12, 2018, and he resigned as a director of the Company on September 7, 2017. During fiscal 2017, Mr. Puar was paid \$32,110 (being the equivalent of US\$25,000 calculated using annual average of fiscal year ended April 30, 2018 of US\$1.00:CDN\$1.2844).

There is no compensation awarded to, earned by, paid to, or payable to, a NEO or director of the Company, in any capacity with respect to the Company, by another person or company for each of the Company's two most recently completed financial years.

### Stock Options and Other Compensation Securities

The following table contains information on compensation securities granted or issued to each director and NEO by the Company or its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities							
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 <sup>(4)</sup>
<b>Curtis Turner</b> CEO and Director	Stock Options	750,000 <sup>(1)</sup>	Mar 27, 2018	\$0.68	\$0.61	\$0.53	Mar 27, 2023
	RSUs	750,000 <sup>(2)</sup>	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Sept 27, 2018
<b>Ramon Perez</b> President and Director	RSUs	500,000 <sup>(3)</sup>	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2019
<b>Sam Wong</b> CFO and Corporate Secretary	RSUs	150,000 <sup>(3)</sup>	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2019
<b>Armando Alexandri</b> COO	RSUs	250,000 <sup>(3)</sup>	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2019
<b>Javier Reyes</b> Director	RSUs	50,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018
<b>Manuel Gomez</b> <sup>(5)</sup> Director	RSUs	50,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018
<b>Javier Montaña</b> Director	RSUs	50,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018

Compensation Securities							
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 <sup>(4)</sup>
Wayne Hubert Director	RSUs	60,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018
Mark Backens Chairman, Director	RSUs	65,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018

**Notes:**

1. The Options have the following vesting provisions: 1/3 vesting on the date of grant, 1/3 vesting 6 months thereafter and 1/3 vesting 12 months thereafter.
2. The RSUs have the following vesting provisions: 1/3 vesting on the date of grant, 1/3 vesting 3 months thereafter and 1/3 vesting 6 months thereafter.
3. The RSUs have the following vesting provisions: 1/3 vesting on the date of grant, 1/3 vesting 6 months thereafter and 1/3 vesting 12 months thereafter.
4. Subject to the terms of the RSU Plan, the Company will satisfy its obligation, on the redemption of the RSUs with the issue of previously unissued Common Shares. The RSUs will be redeemed by the Company on the vesting date unless otherwise provided in the RSU grant letter. If the vesting date determined in accordance with the terms of the RSU Plan occurs within a period of time imposed by the Company, pursuant to the Company's policies, upon certain designated persons during which those persons may not trade in any securities of the Company (a "Black-Out Period") or which vest within five business days after a Black-Out Period ends (not including a Black-Out Period imposed due to a cease trade order), the vesting date of the RSUs shall be ten business days from the date any Black-Out Period ends.

The following table contains information on the total amount of compensation securities, and underlying securities, held by each NEO or director on the last day of the most recently completed financial year end.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class <sup>(1)</sup>	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
Curtis Turner CEO and Director	Stock Options	750,000	Mar 27, 2018	\$0.68	\$0.61	\$0.53	Mar 27, 2023
	RSUs	750,000 <sup>(5)</sup>	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Sept 27, 2018 <sup>(7)</sup>
Ramon Perez <sup>(1)</sup> President and Director	Stock Options	250,000	July 4, 2016	\$0.45	\$0.615	\$0.53	July 4, 2021
	Stock Options	900,000	July 27, 2016	\$0.90	\$1.02	\$0.53	July 27, 2021
	Stock Options	166,667	Mar 17, 2016	\$0.15	\$0.15	\$0.53	Mar 17, 2021
	RSUs	500,000 <sup>(6)</sup>	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2019 <sup>(7)</sup>



Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class <sup>(1)</sup>	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
<b>Sam Wong</b> CFO and Corporate Secretary	Stock Options	100,000	Oct 31, 2016	\$0.90	\$0.99	\$0.53	Oct 31, 2021
	RSUs	150,000 <sup>(6)</sup>	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2019 <sup>(7)</sup>
<b>Armando Alexandri</b> COO	RSUs	250,000 <sup>(6)</sup>	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2019 <sup>(7)</sup>
<b>Javier Reyes</b> <sup>(2)</sup> Director	Stock Options	250,000	July 4, 2016	\$0.45	\$0.615	\$0.53	July 4, 2021
	Stock Options	900,000	July 27, 2016	\$0.90	\$1.02	\$0.53	July 27, 2021
	Stock Options	166,667	Mar 17, 2016	\$0.15	\$0.15	\$0.53	Mar 17, 2021
	RSUs	50,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018 <sup>(7)</sup>
<b>Manuel Gomez</b> <sup>(3)</sup> Director	Stock Options	83,333	July 4, 2016	\$0.45	\$0.615	\$0.53	July 4, 2021
	Stock Options	166,666	Mar 17, 2016	\$0.15	\$0.15	\$0.53	Mar 17, 2021
	RSUs	50,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018 <sup>(7)</sup>
<b>Javier Montaña</b> <sup>(4)</sup> Director	Stock Options	266,666	July 27, 2016	\$0.90	\$1.02	\$0.53	July 27, 2021
	Stock Options	66,666	July 28, 2016	\$0.90	\$1.02	\$0.53	July 28, 2021
	Stock Options	33,333	Mar 17, 2016	\$0.15	\$0.15	\$0.53	Mar 17, 2021
	RSUs	50,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018 <sup>(7)</sup>
<b>Wayne Hubert</b> Director	RSUs	60,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018 <sup>(7)</sup>
<b>Mark Backens</b> Chairman, Director	RSUs	65,000	Mar 27, 2018	\$0.61	\$0.61	\$0.53	Mar 27, 2018 <sup>(7)</sup>

**Notes:**

1. The aggregate total of stock options to purchase Common Shares held by Mr. Perez as of April 30, 2018 is 1,316,667.
2. The aggregate total of stock options to purchase Common Shares held by Mr. Reyes as of April 30, 2018 is 1,316,667.
3. The aggregate total of stock options to purchase Common Shares held by Mr. Gomez as of April 30, 2018 is 249,999.
4. The aggregate total of stock options to purchase Common Shares held by Mr. Montaña as of April 30, 2018 is 366,665.
5. The RSUs have the following vesting provisions: 1/3 vesting on the date of grant, 1/3 vesting 3 months thereafter and 1/3 vesting 6 months thereafter.
6. The RSUs have the following vesting provisions: 1/3 vesting on the date of grant, 1/3 vesting 6 months thereafter and 1/3 vesting 12 months thereafter.

7. Subject to the terms of the RSU Plan, the Company will satisfy its obligation, on the redemption of the RSUs with the issue of previously unissued Common Shares. The RSUs will be redeemed by the Company on the vesting date unless otherwise provided in the RSU grant letter. If the vesting date determined in accordance with the terms of the RSU Plan occurs within a period of time imposed by the Company, pursuant to the Company's policies, upon certain designated persons during which those persons may not trade in any securities of the Company (a "Black-Out Period") or which vest within five business days after a Black-Out Period ends (not including a Black-Out Period imposed due to a cease trade order), the vesting date of the RSUs shall be ten business days from the date any Black-Out Period ends.

No director or NEO exercised any compensation securities during the most recently completed financial year.

### Stock Options and Other Incentive Plans

The Company's stock option plan is described above in "Approval of the Stock Option Plan". The Stock Option Plan was last approved by the Shareholders on September 7, 2017 and will be placed before the Meeting for Shareholder approval.

The Company's restricted share unit plan is described above in "Approval of Restricted Share Unit Plan". The last was las approved by the Shareholders on September 7, 2017 and will be placed before the Meeting for Shareholder approval.

### Employment, Consulting and Management Agreements

The Company has consulting agreements in place with each of the President, CEO and CFO under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or its subsidiaries that were performed by that executive officer. The following table provides information on the provisions of each consulting agreement with respect to change of control, severance, termination or constructive dismissal.

Event	President	CEO	CFO
<b>Resignation</b>	\$nil	\$nil	\$nil
<b>Termination without cause</b>	2 years of annual compensation	1 year annual compensation after probation period  Subsequent to 18 months of holding office, maximum of 2 years annual compensation	\$nil
<b>Change of Control</b>	2 years of annual compensation	2 years of annual compensation	2 years of annual compensation

For purposes of the termination payment, a "Change of Control" means (i) when any person or corporation acquires the beneficial ownership, of, or control or direction over, directly, or indirectly, securities of the Company representing fifty percent (50%) or more of the combined voting total of the Company's outstanding securities; or (ii) the occurrence of a transaction requiring shareholder approval involving the acquisition of the Company by an entity through the purchase of assets, by amalgamation, merger, statutory arrangement, reverse takeover or any other form of restructuring transaction.

Termination of the President and the CEO following a Change of Control will occur or will be deemed to occur if, within the twelve (12) month period immediately following a Change of Control, any of the following occur, without the President's or CEO's written consent, which event is not rectified by the Company within thirty (30) days of the occurrence:

- (a) the officer's agreement with the Company is terminated by the Company without cause;

- (b) an adverse change by the Company in the officer's position, duties, responsibilities, title or office from those which were in effect immediately prior to the Change of Control, including the officer no longer holding the office of President or CEO (as applicable), of the ultimate parent company following the Change of Control;
- (c) the good faith determination by the officer that, as a result of the Change in Control or any action or event thereafter, the officer's status or responsibility within the Company has been diminished or that the officer is effectively being prevented from carrying out his duties and responsibilities as they existed immediately prior to the Change of Control;
- (d) a decrease in the officer's base compensation or a material decrease in the officer's incentive bonus, benefits, stock based compensation, vacation or other compensation.

Other than disclosed herein, the Company does not have agreements or arrangements under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Company or any of its subsidiaries that were performed by any other party but are services typically provided by a director or a NEO.

### **Oversight and Description of Director and Named Executive Officer Compensation**

The objective of the Company's compensation program is to compensate the executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development.

The Company compensates its executive officers based on their skill and experience levels and the existing stage of development of the Company. Executive officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Company's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

The Board has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, executive officers may be paid a monthly consulting fee or salary. Second, the Board may award executive officers long-term incentives in the form of stock options. Finally, and only in special circumstances, the Board may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value. The Company does not provide medical, dental, pension or other benefits to the executive officers.

The base compensation of the executive officers is reviewed and set annually by the Board. The CEO has substantial input in setting annual compensation levels. The CEO is directly responsible for the financial resources and operations of the Company. In addition, the CEO and the Board from time to time determine the stock option grants to be made pursuant to the Company's Stock Option Plan. Previous grants of stock options are taken into account when considering new grants. The Board awards bonuses at its sole discretion. The Board does not have pre-existing performance criteria or objectives.

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

Given the Company's size and the amounts awarded as executive compensation, the Board has determined that it is not necessary to consider the implications of the risks associated with the Company's compensation policies and practices.

The Company has no standard arrangement pursuant to which directors are compensated by the Company for their services in their capacity as directors except for the granting from time to time of incentive stock options in accordance with the policies of the TSXV.

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out information as of the end of the Company’s most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance.

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 issuances under equity compensation plan (excluding securities reflected in column (a))  (c)
Equity compensation plans approved by securityholders (Stock Option Plan and RSU Plan)	6,590,666 Common Shares issuable pursuant to Options 1,099,999 Common Shares issuable pursuant to RSUs	\$0.67 Options \$0.61 RSUs	3,499,093 <sup>(1)</sup>
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total:</b>	<b>7,440,667</b>		<b>3,499,093</b>

**Notes:**

- Based on the maximum number of Common Shares issuable under the Stock Option Plan and the RSU Plan as at April 30, 2018. See “Approval of Stock Option Plan” above for a summary of the Stock Option Plan. For a summary of the existing RSU Plan, please refer to the Company’s 2017 management information circular which can be found on the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com) and see “Approval of Restricted Share Unit Plan” above.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, proposed nominees for election as directors and their associates, or any former executive officers, directors and employees of the Company or any of its subsidiaries,

- is or at any time since the beginning of the most recently completed financial year of the company has been, indebted to the Company or any of its subsidiaries; or
- 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 of its subsidiaries

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as disclosed herein or above, since the commencement of the Company’s most recent financial year, no informed person (a director, officer or holder of 10% or more Common Shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any material interest, directly or indirect, in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries. See “Statement of Executive Compensation”.

### MANAGEMENT CONTRACTS

Management functions of the Company or any of its subsidiaries are not to any substantial degree performed by anyone other than the directors or executive officers of the Company or subsidiary.

## STATEMENT OF CORPORATE GOVERNANCE

### Corporate Governance

Corporate governance relates to the activities of the Board the members of which are elected by and are accountable to the Shareholders, and takes into account the role of the individual members of management who are appointed by the Board and charged with the day-to-day management of the Company. The Canadian Securities Administrators (“CSA”) have adopted National Policy 58-201 *Corporate Governance Guidelines*, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the CSA have implemented National Instrument 58-101 *Disclosure of Corporate Governance Practices* (“NI 58-101”), which prescribes certain disclosure by the Company of its corporate governance practices. This disclosure is presented below.

### Board of Directors

The Board currently consists of seven directors: Curtis Turner, Javier Reyes, Ramon Perez, Manuel Gomez, Javier Montaña, Wayne Hubert and Mark Backens, and it is proposed that all of these directors are to be nominated for election at the Meeting.

The Board consists of a majority of individuals who qualify as independent directors. For this purpose, a director is independent if he or she has no direct or indirect “material relationship” with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. Of the proposed nominees, five directors, Javier Reyes, Manuel Gomez, Javier Montaña, Wayne Hubert , and Mark Backens are considered independent. Of the proposed nominees, two directors, Curtis Turner, CEO, and Ramon Perez, President, are considered not independent.

### Other Directorships

The following table sets forth the proposed directors of the Company who are directors of other reporting issuers:

Name	Name of other reporting issuer
Curtis Turner	N/A
Ramon Perez	ASB Capital Inc.
Javier Reyes	Core Gold Inc. Goldgroup Mining Inc. Organto Foods Inc.
Manuel Gomez	ASB Capital Inc.
Javier Montaña	Goldgroup Mining Inc. Organto Foods Inc.
Mark Backens	Alio Gold Inc.
Wayne Hubert	InZinc Mining Ltd. Revival Gold Inc. Austral Gold Limited

### Orientation and Continuing Education

Orientation of new members of the Board is conducted by informal meetings with members of the Board, briefings by management, and the provision of copies of or access to the Company’s documents.

The Company has not adopted formal policies respecting continuing education for Board members. The Company encourages directors to undertake continuing education the costs of which are borne by the Company.

## **Ethical Business Conduct**

The Board has not adopted a formal code of business conduct and ethics. The Board is of the view that the fiduciary duties placed on individual directors by the Company's governing legislation and common law together with corporate statutory restrictions on an individual director's participation in Board decisions in which the director has an interest are sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

## **Nomination of Directors**

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

The Board has not established a nominating committee and this function is currently performed by the Board as a whole.

## **Compensation**

The Board has established a formal compensation committee which is responsible for reviewing and determining the adequacy and form of compensation paid to the Company's executives and key employees. The compensation committee evaluates the performance of the CEO and other senior management measured against the Company's business goals and industry compensation levels.

## **Board Committees**

The Board has no committees other than the audit committee and the compensation committee.

## **Assessments**

The Board, its committees and individual directors are not regularly assessed with respect to their effectiveness and contribution. The Board believes that such assessments are more appropriate for companies of a larger size and complexity which may have significantly larger boards of directors. Where appropriate the chair of the Board meets with individual directors to discuss their contribution and that of the other directors. Arising from such meetings, if appropriate, the Board considers procedural and substantive changes to increase the effectiveness of the Board, its committees and members.

## **AUDIT COMMITTEE**

### **Audit Committee Disclosure**

Pursuant to Section 224(1) of the British Columbia *Business Corporations Act* and National Instrument 52-110 *Audit Committees* ("NI 52-110") of the CSA, the Company is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Company or an affiliate of the Company. NI 52-110 requires the Company as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its audit committee and its relationship with its independent auditor, as set forth below.

The primary function of the audit committee is to assist the Board in fulfilling its financial oversight responsibilities by (a) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (b) reviewing the systems for internal corporate controls which have been established by the Board and management; and (c) overseeing the Company's financial reporting processes generally. In meeting these responsibilities the audit committee monitors the financial reporting process and internal control system; reviews and appraises the work of external auditors and provides an avenue of communication between the external auditors, senior management and the Board. The audit committee is also mandated to review and approve

all material related party transactions.

### The Audit Committee's Charter

The Company has adopted a Charter of the audit committee of the Board, a copy of which is attached hereto as Schedule "A".

### Composition of the Audit Committee

The audit committee is comprised of the following members: Wayne Hubert (Chair), Javier Reyes and Mark Backens. All of the audit committee members are considered to be financially literate as defined by NI 52-110 in that they have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the audit committee are elected by the Board at its first meeting following the annual Shareholders' meeting. Unless a chair is elected by the full Board, the members of the audit committee designate a chair by a majority vote of the full audit committee membership.

The following table (and notes thereto) sets out the names of the Audit Committee members and their relevant experience and qualifications:

Audit Committee Member	Relevant Experience and Qualifications
<b>Wayne Hubert</b> Independent Member of the Board Financially Literate	Mr. Hubert was most recently CEO and director of Andean Resources Limited from 2006 until December 2010, which was ultimately acquired by Goldcorp for \$3.5 billion. Prior to his tenure at Andean, Mr. Hubert was Vice-President Corporate Development and Investor Relations with Meridian Gold Inc. During his 14 year career at Meridian, he gained considerable experience in the areas of finance, exploration, project development, permitting and construction. He has a bachelor of science in Chemical Engineering from the University of Cape Town and an MBA from Brigham Young University.
<b>Javier Reyes</b> Independent Member of the Board Financially Literate	Mr. Javier Reyes began his professional and financial services career in 1996 at a well-known brokerage firm in Mexico City. In 2001, he founded a financial consultancy company, where he became the CEO. Mr. Reyes is the Founder, President and CEO of the Antares Capital Management and Cygnus Asset Management, and manages three hedge funds: Antares Capital Fund, Antares Oil & Gas Fund and Cygnus Real Estate Opportunity Fund. Mr. Reyes has also held the following positions: CEO of Mex e Trade On Line, S.C. (2001-2003); Financial Manager of Fabrica de Calzado Liz Ardel, S.A. (1998-2000); and Financial Advisor of Estrategia Bursatil, S.A. (1995-1997). Mr. Reyes holds a Bachelor's Degree in Economics and Business Administration and also holds a Masters in Finance.
<b>Mark Backens</b> Independent Member of the Board Financially Literate	Mr. Backens has over 30 years of global mining experience including, most recently, as CEO of Alio Gold Inc. Mr. Backens has 10 years of investment banking experience most recently as Director of Investment Banking - Mining for Scotia Capital. Mr. Backens also has 20 years of senior management experience with Meridian Gold, Placer Dome and Goldcorp in the areas of exploration, engineering, mine construction, mine management and corporate development. Mr. Backens holds a Bachelor of Science in Geological Engineering from South Dakota School of Mines and is formerly a Professional Geologist. Mr. Backens is currently a director of Alio Gold Inc.

## Audit Committee Oversight

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

## Reliance on Certain Exemptions

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

- (a) the exemption in section 2.4 (*De Minimis Non-audit Services*), which provides an exemption from the requirement that the audit committee must pre-approve all non-audit services to be provided to the Company or its subsidiaries by the Company's external auditor;
- (b) the exemption in subsection 6.1.1(4) (*Circumstance Affecting the Business or Operations of the Venture Issuer*), which provides an exemption from the requirements for the composition of the audit committee if a circumstance arises that affects the business or operations of the venture issuer, and a reasonable person would conclude that the circumstance can be best addressed by a member of the audit committee becoming an executive officer or employee of the venture issuer;
- (c) the exemption in subsection 6.1.1(5) (*Events Outside Control of Member*), which provides an exemption from the requirements for the composition of the audit committee for if an audit committee member becomes a control person of the venture issuer or of an affiliate of the venture issuer for reasons outside the member's reasonable control;
- (d) the exemption in subsection 6.1.1(6) (*Death, Incapacity or Resignation*), which provides an exemption from the requirements for the composition of the audit committee if a vacancy on the audit committee arises as a result of the death, incapacity or resignation of an audit committee member and the Board is required to fill the vacancy; or
- (e) an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*) of NI 52-110, which permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

## Pre-Approval Policies and Procedures

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

## External Auditor Service Fees

In the following table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements for the subject year. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories.

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

Fiscal Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
April 30, 2018	\$60,000	Nil	Nil	Nil
April 30, 2017	\$65,000	Nil	Nil	Nil



**Exemption**

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

**ADDITIONAL INFORMATION**

Additional information relating to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

Financial information is provided in the Company's comparative annual financial statements and management's discussion and analysis for its most recently completed financial year, and will be available online at [www.sedar.com](http://www.sedar.com). Shareholders may request additional copies by (i) mail to Suite #1201-1166 Alberni Street, Vancouver, British Columbia V6E 3Z3; or (ii) telephone to: 604 306-8245.

**DIRECTORS' APPROVAL**

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the Board.

DATED at Vancouver, British Columbia, this 13<sup>th</sup> day of August, 2018.

**BY ORDER OF THE BOARD OF DIRECTORS**

*"Curtis Turner"*

\_\_\_\_\_  
Curtis Turner  
Chief Executive Officer

## Schedule "A"

### CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

---

#### 1. PURPOSE

---

The Audit Committee (the "Committee") of **Candelaria Mining Corp.** ("the Company") is a committee of the Board of Directors with the responsibility under the governing legislation of the Company to review the financial statements, accounting policies and reporting procedures of the Company.

The primary function of the Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to any governmental body or the public, the systems of internal controls of the Company regarding finance, accounting and legal compliance that management and the Board have established, and the auditing, accounting and financial reporting processes of the Company generally. Consistent with this function, the Committee should encourage continuous improvement of, and should foster adherence to, the policies, procedures and practices at all levels of the Company.

The primary duties and responsibilities of the Committee are to:

- Serve as an independent and objective party to monitor the financial reporting process and the system of internal controls of the Company.
- Monitor the independence and performance of the auditor of the Company (the "Auditor") and the internal audit function of the Company.
- Provide an open avenue of communication among the Auditor, financial and senior management and the Board of Directors.

The Committee will primarily fulfill these responsibilities by carrying out the activities set out in Section 4 of this Charter.

---

#### 2. COMPOSITION

---

- The Committee shall be comprised of three or more directors as determined by the Board of Directors. The composition of the Committee shall adhere to all applicable corporate and securities laws and all requirements of the stock exchanges on which shares of the Company are listed.
- All members of the Committee shall have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall be a "*financial expert*" in accordance with applicable laws and all requirements of the stock exchanges on which shares of the Company are listed.
- Members of the Committee shall be elected by the Board at the meeting of the Board held immediately after the annual meeting of shareholders or such other times as shall be determined by the Board and shall serve until the next such meeting or until their successors shall be duly elected and qualified.
- Any member of the Committee may be removed or replaced at any time by the Board of Directors and shall cease to be a member of the Committee as soon as such member ceases to be a director. Subject to the foregoing, each member of the Committee shall hold such office until the next annual meeting of shareholders after his or her election as a member of the Committee.
- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board of Directors may from time to time determine.

---

### **3. MEETINGS**

---

- The Committee may appoint one of its members to act as Chairman of the Committee. The Chairman will appoint a secretary who will keep minutes of all meetings (the "Secretary"). The Secretary does not have to be a member of the Committee or a director and can be changed by written notice from the Chairman.
- No business may be transacted by the Committee except at a meeting at which a quorum of the Committee is present or by a consent resolution in writing signed by all members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one half of the number of members plus one shall constitute a quorum.
- The Committee will meet as many times as is necessary to carry out its responsibilities, but in no event will the Committee meet less than four times a year. The Committee shall meet at least once annually with the Auditor. As part of its duty to foster open communication, the Committee should meet at least annually with management and the Auditor in separate executive sessions to discuss any matters that the Committee or each of these parties believe should be discussed privately. In addition, the Committee shall meet with the Auditor and management at least quarterly to review the financial statements of the Company.
- The time at which, and the place where, the meetings of the Committee shall be held, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Chairman, unless otherwise provided for in the Articles of the Company or otherwise determined by resolution of the Board of Directors.
- The Committee may invite to, or require the attendance at, any meeting of the Committee, such officers and employees of the Company, legal counsel or other persons as it deems necessary in order to perform its duties and responsibilities. They should also be requested or required to attend meetings of the Committee and make presentations to the Committee as appropriate.
- Subject to the provisions of the governing legislation of the Company and applicable regulations the Chairman of the Committee may exercise the powers of the Committee in between meetings of the Committee. In such event, the Chairman shall immediately report to the members of the Committee and the actions or decisions taken in the name of the Committee shall be recorded in the proceedings of the Committee.

---

### **4. RESPONSIBILITIES AND DUTIES**

---

To fulfill its responsibilities and duties the Committee shall:

#### **Documents/Reports Review**

- Review and recommend for approval to the Board of Directors of the Company any revisions or updates to this Charter. This review should be done periodically, but at least annually, as conditions dictate.
- Review the interim un-audited quarterly financial statements and the annual audited financial statements, MD&A and the related press releases of the Company and report on them to the Board of Directors.
- Satisfy itself, on behalf of the Board of Directors, that the un-audited quarterly financial statements and annual audited financial statements of the Company are fairly presented both in accordance with generally accepted accounting principles and otherwise, and recommend to the Board of Directors whether the quarterly and annual financial statements should be approved.
- Satisfy itself, on behalf of the Board of Directors, that the information contained in the quarterly financial statements of the Company, annual report to shareholders and similar documentation required pursuant to the laws of Canada does not contain any untrue statement of any material fact or omit to state a material fact that is required or necessary to make a statement not misleading, in light of the circumstances under which it was made.

- Review any reports or other financial information of the Company submitted to any governmental body, or the public, including any certification, report, opinion or review rendered by the Auditor.
- Review, and if deemed advisable, approve all related party transactions as defined in the governing legislation of the Company.
- Have the right, for the purpose of performing their duties: (i) to inspect all the books and records of the Company and its subsidiaries; (ii) to discuss such accounts and records and any matters relating to the financial position of the Company with the officers and auditors of the Company and its subsidiaries and the Auditor; (iii) to commission reports or supplemental information relating to the financial information; (iv) to require the Auditor to attend any or every meeting of the Committee; and (v) to engage such independent counsel and other advisors as are necessary in the determination of the Committee.
- Permit the Board of Directors to refer to the Committee such matters and questions relating to the financial position of the Company and its affiliates or the reporting related to it as the Board of Directors may from time to time see fit.

### **Independent Auditor**

- Be directly and solely responsible for the appointment, compensation, and oversight of the work of the Auditor of the Company upon shareholder approval of the appointment, including the resolution of disagreements between management and the external auditor regarding financial reporting, with such Auditor being ultimately accountable to the shareholders, the Board and the Committee.
- Act as the Auditor's channel of direct communication to the Company. In this regard, the Committee shall, among other things, receive all reports from the Auditor of the Company, including timely reports of:
  1. all critical accounting policies and practices to be used;
  2. all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the management of the Company, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the Auditor of the Company; and
  3. other material written communications between the Auditor and the management of the Company, including, but not limited to, any management letter or schedule of unadjusted differences.
- Satisfy itself, on behalf of the Board of Directors that the Auditor is "*independent*" of management, within the meaning given to such term in the rules and pronouncements of the applicable regulatory authorities and professional governing bodies. In furtherance of the foregoing, the Committee shall request that the Auditor at least annually provide a formal written statement delineating all relationships between the Auditor and the Company, and request information from the Auditor and management to determine the presence or absence of a conflict of interest. The Committee shall actively engage the Auditor in a dialogue with respect to any disclosed relationships or services that may impact the objectivity and independence of the Auditor. The Committee shall take, or recommend that the full Board take, appropriate action to oversee the independence of the Auditor.
- Be responsible for pre-approving all audit and non-audit services provided by the Auditor; provided, however, that the Committee shall have the authority to delegate such responsibility to one or more of its members to the extent permitted under applicable law and stock exchange rules.
- Review the performance of the Auditor and make recommendations to the Board of Directors as to whether or not to continue to engage the Auditor.
- Determine and review the remuneration of the Auditor and any independent advisors (including independent counsel) to the Committee.

- Satisfy itself, on behalf of the Board of Directors, that the internal audit function has been effectively carried out and that any matter which the Auditor wishes to bring to the attention of the Board of Directors has been addressed and that there are no "*unresolved differences*" with the Auditor.

### **Financial Reporting Process and Risk Management**

- Review the audit plan of the Auditor for the current year and review advice from the Auditor relating to management and internal controls and the responses of the Company to the suggestions made put forth.
- Monitor the internal accounting controls, informational gathering systems and management reporting on internal controls of the Company.
- Review with management and the Auditor the relevance and appropriateness of the accounting policies of the Company and review and approve all significant changes to such policies.
- Satisfy itself, on behalf of the Board of Directors, that the Company has implemented appropriate systems of internal control over financial reporting and the safeguarding of the assets of the Company and other "*risk management*" functions (including the identification of significant risks and the establishment of appropriate procedures to manage those risks and the monitoring of corporate performance in light of applicable risks) affecting the assets of the Company, management, financial and business operations and the health and safety of employees and that these systems are operating effectively.
- Review and approve the investment and treasury policies of the Company and monitor compliance with such policies.
- Establish procedures for the receipt and treatment of (i) complaints received by the Company regarding accounting, controls, or auditing matters and (ii) confidential, anonymous submissions by employees of the Company as to concerns regarding questionable accounting or auditing.

### **Legal and Regulatory Compliance**

- Satisfy itself, on behalf of the Board of Directors, that all material statutory deductions have been withheld by the Company and remitted to the appropriate authorities.
- Without limiting its rights to engage counsel generally, review, with the principal legal external counsel of the Company, any legal matter that could have a significant impact on the financial statements of the Company.
- Satisfy itself, on behalf of the Board of Directors, that all regulatory compliance issues have been identified and addressed.

### **Budgets**

- Assist the Board of Directors in the review and approval of operational, capital and other budgets proposed by management.

### **General**

- Perform any other activities consistent with this Charter, the Articles of the Company and governing law, as the Committee or the Board of Directors deem necessary or appropriate.