



**CARDERO RESOURCE CORP.**

**2020 ANNUAL GENERAL MEETING**

**Notice of Annual General Meeting of Shareholders  
and  
Management Information Circular**

**Place:** 2300 – 1177 West Hastings Street  
Vancouver, BC V6E 2K3

**Time:** 9:00 a.m. PDT

**Date:** October 29, 2020



## CARDERO RESOURCE CORP.

### CORPORATE DATA

#### Head Office

Suite 2300, 1177 West Hastings Street  
Vancouver, British Columbia  
CANADA V6E 2K3  
Telephone: 604-408-7488  
Toll Free: 1-888-770-7488  
Facsimile: 604-408-7499  
Web Site: [www.cardero.com](http://www.cardero.com)

#### Directors

Keith Henderson  
Robert Kopple  
Deepak Malhotra  
Hendrik van Alphen  
Robert van Doorn

#### Officers

Stuart Ross, President & CEO  
Sead Hamzagic, CFO  
Marla Ritchie, Corporate Secretary

#### Registrar & Transfer Agent

Computershare Investor Services Inc.  
3<sup>rd</sup> Floor, 510 Burrard Street  
Vancouver, British Columbia  
V6C 3B9

#### Legal Counsel

Armstrong Simpson  
2080 – 777 Hornby Street  
Vancouver, British Columbia  
V6Z 1S4

#### Auditor

Smythe LLP  
Chartered Professional Accountants,  
7<sup>th</sup> Floor, 355 Burrard Street  
Vancouver, British Columbia  
V6C 2G8

#### Stock Exchange Listings

TSX Venture Exchange  
Symbol “CDU”  
  
OTCBB  
Symbol “CDYCF”  
  
Frankfurt Stock Exchange  
Symbol “CR5”

# CARDERO RESOURCE CORP.

Suite 2300 – 1177 West Hastings Street  
Vancouver, British Columbia  
Canada V6E 2K3

## NOTICE OF 2020 ANNUAL GENERAL MEETING OF SHAREHOLDERS

**NOTICE IS HEREBY GIVEN** that the 2020 annual general meeting (the “Meeting”) of the shareholders of **CARDERO RESOURCE CORP.** (the “Company”) will be held in the Boardroom of the Company’s offices at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia, on October 29, 2020 at the hour of 9:00 a.m. (Vancouver time), for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the fiscal year ended October 31, 2019 (with comparative statements relating to the preceding fiscal period) together with the report of the auditor thereon. See “*Financial Statements and MD&A*” in the Circular (as defined below);
2. To appoint Smythe LLP, Chartered Professional Accountants, as auditors of the Company for the fiscal year ending October 31, 2020 and to authorize the directors to fix the auditors’ remuneration. See “*Appointment of Auditor*” in the Circular;
3. To determine the number of directors to be elected to the board at Five;
4. To elect directors. See “*Election of Directors*” in the Circular;
5. To approve an ordinary resolution approving the Company’s stock option plan. See “*Particulars of Matters to be Acted Upon – A. Approval of Incentive Stock Option Plan*” in the Circular;
6. To transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The details of all matters proposed to be put before the shareholders at the Meeting are set forth in the management information circular accompanying this Notice of Meeting. At the Meeting, shareholders will be asked to approve each of the foregoing items.

The directors of the Company have fixed September 15, 2020 as the record date for the Meeting (the “Record Date”). Only shareholders of record at the close of business on the Record Date are entitled to vote at the meeting or any adjournment or postponement thereof.

If you are a registered shareholder of the Company and unable to attend the Meeting in person, please exercise your right to vote by completing and returning the accompanying form of proxy and deposit it with Computershare Trust Company of Canada. Proxies must be completed, dated, signed and returned to Computershare Trust Company of Canada, Proxy Department, at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 by 9:00 a.m. Vancouver time (12:00 p.m. Toronto time) on October 27, 2020, or if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Meeting is adjourned or postponed. Telephone voting can be completed at 1-866-732-8683, voting by fax can be sent to 1-866-249-7775 or 416-263-9524 and Internet voting can be completed at [www.investorvote.com](http://www.investorvote.com)

Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

If you are a non-registered shareholder, please follow the instructions from your bank, broker or other financial intermediary for instructions on how to vote your shares.

DATED at Vancouver, British Columbia, this 15<sup>th</sup> day of September, 2020.

BY ORDER OF THE BOARD

*“Stuart Ross” (signed)*

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STUART ROSS, President & CEO

# **CARDERO RESOURCE CORP.**

Suite 2300 – 1177 West Hastings Street  
Vancouver, British Columbia  
Canada V6E 2K3  
Tel: 604.408.7488  
Fax: 604.408.7499

## **MANAGEMENT INFORMATION CIRCULAR**

**For the 2020 Annual General Meeting to be held on October 29, 2020  
(information is as at September 15, 2020, except as indicated)**

## **GENERAL PROXY INFORMATION AND CIRCULAR DISCLOSURE**

### **Persons Making the Solicitation**

This Information Circular is being furnished in connection with the solicitation of proxies by the management of Cardero Resource Corp. (the “Company”) for use at the annual general meeting (the “Meeting”) of the holders of common shares in the capital of the Company (the “Shareholders”) to be held in the Main Boardroom of the offices of the Company at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada on October 29, 2020, at 9:00 a.m. (Vancouver time) for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation of proxies will be primarily by mail, proxies may be solicited personally or by telephone by the regular employees of the Company at nominal cost. The Company may reimburse Shareholders’ nominees or agents (including brokers holding shares on behalf of clients) for the cost incurred in obtaining authorization from their principals to execute proxies. All costs of solicitation will be borne by the Company. None of the directors of the Company have advised that they intend to oppose any action intended to be taken by management as set forth in this Information Circular.

### **Appointment and Revocation of Proxies**

The individuals named in the accompanying form of proxy (the “Proxy”) are directors or officers of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO ATTEND AND ACT FOR THE SHAREHOLDER AND ON THE SHAREHOLDER’S BEHALF AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY INSERTING SUCH PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY AND STRIKING OUT THE TWO PRINTED NAMES, OR BY COMPLETING ANOTHER FORM OF PROXY.** A Proxy will not be valid unless the completed, dated and signed Proxy is received by Computershare Trust Company of Canada, Proxy Department, at 8th Floor, 100 University Avenue, Toronto, Ontario, Canada, M5J 2Y1 by 9:00 a.m. Vancouver time (12:00 p.m. Toronto time) on October 27, 2020 or if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the date to which the Meeting is adjourned or postponed. Telephone voting can be completed at 1-866-732-8683, voting by fax can be sent to 1-866-249-7775 or 416-263-9524 and Internet voting can be completed at [www.investorvote.com](http://www.investorvote.com).

Late proxies may be accepted or rejected by the Chairman of the Meeting at his discretion and the Chairman of the Meeting is under no obligation to accept or reject any particular late proxy. The Chairman of the Meeting may waive or extend the proxy cut-off without notice.

A Shareholder who has given a Proxy may revoke it by an instrument in writing executed by the Shareholder or by the Shareholder’s attorney authorized in writing or, if the Shareholder is a corporation, by a duly authorized officer or attorney of the corporation, and delivered either to the registered office of the Company, at 2080 – 777 Hornby Street, Vancouver, British Columbia, V6Z 1S4, at any time up to and including the last business day preceding the day of the Meeting or any adjournment of it or to the Chairman

of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a Proxy does not affect any matter on which a vote has been taken prior to the revocation.

If you are a non-registered Shareholder, please follow the instructions from your bank, broker or other financial intermediary for instructions on how to revoke your voting instructions.

### **Exercise of Discretion**

If the instructions in a Proxy are certain, the shares represented thereby will be voted on any poll by the persons named in the Proxy and, where a choice with respect to any matter to be acted upon has been specified in the Proxy, the shares represented thereby will, on a poll, be voted or withheld from voting in accordance with the specifications so made. **If you do not provide instructions in your Proxy, the persons named in the enclosed Proxy will vote your shares FOR the matters to be acted on at the Meeting.**

The persons named in the enclosed Proxy will have discretionary authority with respect to any amendments or variations of these matters or any other matters properly brought before the Meeting or any adjournment or postponement thereof, in each instance, to the extent permitted by law, whether or not the amendment or other item of business that comes before the Meeting is routine or contested. The persons named in the enclosed Proxy will vote on such matters in accordance with their best judgment. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter which may be presented to the Meeting.

### **Advice to Non-Registered (Beneficial) Shareholders**

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

**Only registered Shareholders or duly appointed proxyholders for registered Shareholders are permitted to vote at the Meeting. Most of the Shareholders of the Company are “non-registered” Shareholders because the shares they own are not registered in their names, but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares.**

More particularly, a person is not a registered Shareholder in respect of shares of the Company which are held on behalf of that person (the “Non-Registered Holder”) but which are registered either (a) in the name of an intermediary (the “Intermediary”) that the Non-Registered Holder deals with in respect of the shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIAs, RESPs and similar plans), or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with the requirements of National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“NI 54-101”) of the Canadian Securities Administrators, the Company has distributed copies of the Notice of Meeting, this Information Circular and the form of Proxy (collectively referred to as the “Meeting Materials”) to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies (such as Broadridge Investor Communication Solutions) to forward the Meeting Materials to Non-Registered Holders. Generally, if you are a Non-Registered Holder and you have not waived the right to receive the Meeting Materials you will either:

- (a) be given a form of **proxy which has already been signed by the Intermediary** (typically by a facsimile stamped signature) which is restricted to the number of shares beneficially owned by you, but which is otherwise not complete. Because the Intermediary has already signed the proxy, this proxy is not required to be signed by you when submitting it. In this case, if you wish to submit a proxy you should otherwise properly complete the executed proxy provided and deposit it with **Computershare Trust Company of Canada**, as provided above; or

- (b) more typically, a Non-Registered Holder will be given a voting instruction form which is not signed by the Intermediary, and which, when properly completed and signed by the Non-Registered Holder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy”, “proxy authorization form” or “voting instruction form”) which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page printed form, the voting instruction form will consist of a regular printed proxy accompanied by a page of instructions that contains a removable label containing a bar-code and other information. In order for the proxy to validly constitute a voting instruction form, the Non-Registered Holder must remove the label from the instructions and affix it to the proxy, properly complete and sign the proxy **and return it to the Intermediary or its service company (not the Company or Computershare Trust Company of Canada)** in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares that they beneficially own. If you are a Non-Registered Holder and you wish to vote at the Meeting in person as proxyholder for the shares owned by you, you should strike out the names of the management designated proxyholders named in the proxy authorization form or voting instruction form and insert your name in the blank space provided. **In either case, you should carefully follow the instructions of your Intermediary, including when and where the proxy, proxy authorization or voting instruction form is to be delivered.**

The materials with respect to the Meeting are being sent to both registered Shareholders and Non-Registered Holders who have not objected to the Intermediary through which their shares are held disclosing ownership information about themselves to the Company (“NOBOs”). If you are a NOBO, and the Company or its agent has sent these materials to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Intermediary on your behalf.

If you are a Non-Registered Holder who has objected to the Intermediary through which your shares are held disclosing ownership information about you to the Company (an “OBO”), you should be aware that the Company does not intend to pay for Intermediaries to forward the materials with respect to the Meeting, including proxies or voting information forms, to OBOs and therefore an OBO will not receive the materials with respect to the Meeting unless that OBO’s Intermediary assumes the cost of delivery.

#### **NOTICE AND ACCESS**

In November 2012, the Canadian Securities Administrators announced the adoption of regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to advise their shareholders of the availability of all proxy-related materials on an easily accessible website, rather than mailing physical copies of the materials.

This year the Company has decided to deliver the Meeting Materials to Shareholders by posting the Meeting Materials on its website ([www.cardero.com](http://www.cardero.com)). The Meeting Materials will be available on the Company’s website as of September 23, 2020, and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at [www.sedar.com](http://www.sedar.com) as of September 23, 2020.

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

Other than as disclosed elsewhere in this Information Circular, none of the current directors or executive officers, no proposed nominee for election as a director, none of the persons who have been directors or executive officers since the commencement of the last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, with the exception of the ratification and approval of the Company’s stock option plan.

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

The authorized capital of the Company consists of an unlimited number of common shares without par value (“common shares”). As at September 15, 2020 (the “Record Date”), 134,205,879 common shares were issued and outstanding. Each of the holders of common shares and preferred shares are entitled to receive notice of, attend and vote at the Meeting.

Only shareholders of record at the close of business on the Record Date, who either personally attend the Meeting or who have completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have their common or preferred shares voted at the Meeting.

On a show of hands, every individual who is present as a registered shareholder or as a duly appointed representative of one or more registered corporate shareholders will have one vote, and on a poll every registered shareholder present in person or represented by a validly appointed proxyholder, and every person who is a duly appointed representative of one or more corporate registered shareholders, will have one vote for each common or preferred share registered in the name of the shareholder on the list of shareholders, which is available for inspection during normal business hours at Computershare Investor Services Inc. and will be available at the Meeting. Shareholders represented by proxyholders are not entitled to vote on a show of hands.

The following table sets out, to the knowledge of the directors and executive officers of the Company, based on public information, those persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% or more of the voting rights attached to all of the issued and outstanding common shares as at the Record Date:

Name and Municipality of Residence	Number and Type of Shares <sup>(1)</sup>	Percentage of Class of Shares
Robert Kopple, Los Angeles California <sup>(2)</sup>	83,059,156 common shares	61.89% of the common shares
Redstone Resources Ltd. Boulder, Colorado	22,679,099 common shares	16.89% of the common shares

**Notes:**

- (1) Each of the common and preferred shares of the Company entitle the holder thereof to vote at the Meeting on the basis of one vote per common or preferred share held.
- (2) Of which all common shares are controlled directly by Mr. Robert Kopple personally or through E.L. II Properties Trust., a private trust controlled by Mr. Kopple, KF Business Ventures, LP, a private entity controlled by Mr. Kopple and through Kopple Family Partnership LP, a private entity controlled by Mr. Kopple. In addition to the common shares noted above, Mr. Kopple holds a further 31,808,383 share purchase warrants exercisable into common shares, held personally or through KF Business Ventures, LP or E.L. II Properties Trust.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the current or former directors, executive officers, employees of the Company, the proposed nominees for election to the board of directors of the Company (the “Board of Directors” or the “Board”), or their respective associates or affiliates, are or have been indebted to the Company or its subsidiaries since the beginning of the last completed financial year of the Company.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed herein, since the beginning of the Company’s last financial year, no “informed person” of the Company (including a director, officer or individual or corporation that beneficially owns or controls 10% or more of the issued and outstanding voting securities of the Company), proposed nominee for election as a director of the Company (“proposed director”), or any associate or affiliate of any informed person or proposed director, has any material interest, direct or indirect in any transaction or any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries. See “Interest of Certain Persons or Companies in the Matters to be Acted Upon”.



## MANAGEMENT CONTRACTS

The management functions of the Company and its subsidiaries are primarily performed by the directors and executive officers of the Company, and not to any substantial degree by any other person with whom the Company has contracted.

### STATEMENT OF EXECUTIVE COMPENSATION

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

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

#### **Director and Named Executive Officer Compensation**

The following table (presented in accordance with National Instrument Form 51-102F6V, is a summary compensation (excluding compensation securities) paid, payable, awarded, granted, given or otherwise provided, directly or indirectly, to the directors and NEOs for each of the Company’s two most recently completed financial years.

<b>Table of compensation excluding compensation securities</b>							
<b>Name and Position</b>	<b>Year (ended October 31)</b>	<b>Salary, consulting fee, retainer or commission (\$)</b>	<b>Bonus (\$)</b>	<b>Committee or meeting fees (\$)</b>	<b>Value of perquisites (\$)</b>	<b>Value of all other compensation (\$)</b>	<b>Total compensation (\$)</b>
Stuart Ross, President & CEO <sup>(1)</sup>	2019	200,000	Nil	Nil	Nil	Nil	200,000
	2018	240,000	Nil	Nil	Nil	Nil	240,000
Hendrik van Alphen, Director, Former President and CEO	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	24,000	Nil	Nil	24,000
Blaine Bailey, CFO <sup>(2)</sup>	2019	54,000	Nil	Nil	Nil	Nil	54,000
	2018	54,000	Nil	Nil	Nil	Nil	54,000
Keith Henderson, Director	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	24,000	Nil	Nil	24,000
Robert van Doorn, Director	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	36,000	Nil	Nil	36,000
Deepak Malhotra, Director	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	24,000	Nil	Nil	24,000
Robert Kopple, Director	2019	Nil	Nil	24,000	Nil	Nil	24,000
	2018	Nil	Nil	24,000	Nil	Nil	24,000

Table of compensation excluding compensation securities							
Name and Position	Year (ended October 31)	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$)	Total compensation (\$)
Stephan Fitch, Former Director	2019	Nil	Nil	Nil	Nil	Nil	Nil
	2018	Nil	Nil	6,000	Nil	Nil	6,000

Notes:

- (1) Stuart Ross was appointed President & CEO on August 17, 2017.
- (2) Blaine Bailey, former CFO provided CFO services through Promaid Services Ltd., a private company owned by him, for the monthly amount of \$5,333 which was revised to \$4,500 in August 2017, in consulting fees.

### External Management Companies.

Except as described below, none of the NEOs or directors of the Company have been retained or employed by an external management company which has entered into an understanding, arrangement or agreement with the Issuer to provide executive management services to the Issuer, directly or indirectly.

Blaine Bailey provides CFO services through Promaid Services Ltd., a private company owned by him, for the monthly amount of \$5,333 which was revised to \$4,500 in August 2017, in consulting fees pursuant to an unwritten arrangement between the Company and Promaid Services Ltd.

### Stock Options and Other Compensation Securities

The following table, discloses all compensation securities granted or issued to each NEO or director by the Issuer or its subsidiaries in the year ended October 31, 2019, for services provided or to be provided, directly or indirectly to the Issuer 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 ended October 31, 2019 (\$)	Expiry date
Stuart Ross, President & CEO	Stock Options	465,000 15.5%	Jan 12/18	\$0.16	\$0.16	\$0.025	Jan 12/20
		200,000 12.5%	Dec 28/18	\$0.10	\$0.075		Dec 28/20
Blaine Bailey, CFO (former)	Stock Options	225,000 7.5%	Jan 12/18	\$0.16	\$0.16	\$0.025	Jan 12/20
		25,000 1.56%	Dec 28/18	\$0.10	\$0.075		Dec 28/20
Hendrik van Alphen, Director	Stock Options	300,000 10%	Jan 12/18	\$0.16	\$0.16	\$0.025	Jan 12/20

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 ended October 31, 2019 (\$)	Expiry date
		50,000 3.125%	Dec 28/18	\$0.10	\$0.075		Dec 28/20
Keith Henderson, Director	Stock Options	260,000 8.7%	Jan 12/18	\$0.16	\$0.16	\$0.025	Jan 12/20
		50,000 3.125%	Dec 28/18	\$0.10	\$0.075		Dec 28/20
Robert van Doorn, Director	Stock Options	300,000 10.0%	Jan 12/18	\$0.16	\$0.16	\$0.025	Jan 12/20
		150,000 9.375%	Dec 28/18	\$0.10	\$0.075		Dec 28/20
Robert Kopple, Director	Stock Options	300,000 10.0%	Jan 12/18	\$0.16	\$0.16	\$0.025	Jan 12/20
		1,000,000 62.5%	Dec 28/18	\$0.10	\$0.075		Dec 28/20
Deepak Malhotra Director	Stock Options	200,000 6.7%	Jan 12/18	\$0.16	\$0.16	\$0.025	Jan 12/20
		50,000 3.125%	Dec 28/18	\$0.10	\$0.075		Dec 28/20

The following table discloses the total amount of compensation securities held by the NEOs and directors as at the Company's financial year ended October 31, 2019. All options listed below vested immediately.

Name and Position	Number of Options
Stuart Ross, President & CEO	665,000
Blaine Bailey, CFO (former)	250,000
Hendrik van Alphen, Director	350,000
Keith Henderson, Director	310,000
Robert van Doorn, Director	450,000
Robert Kopple, Director	1,300,000
Deepak Malhotra, Director	250,000

No compensation securities were exercised by any directors or NEOs during the year ended October 31, 2019. No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified during the year ended October 31, 2019.

There are no restrictions or conditions currently in place for converting, exercising or exchanging the compensation securities.

### **Stock option plans and other incentive plans**

The only incentive plan maintained by the Company is the Stock Option Plan, the material terms of which are described below at “*Particulars of Matters to be Acted Upon – Ratification and Approval of Stock Option Plan*”.

The Stock Option Plan was last approved by the Shareholders at the Company’s annual general meeting held on July 8, 2019 and requires annual shareholder approval.

### **Employment, consulting and management agreements**

Except as described below, the Company has not entered into any agreements or arrangements under which compensation is provided to any NEOs or directors or any persons providing services typically provided by a director or NEO.

Blaine Bailey provided CFO services through Promaid Services Ltd., a private company owned by him, for the monthly amount of \$5,333 which was revised to \$4,500 in August 2017, in consulting fees pursuant to an unwritten arrangement between the Company and Promaid Services Ltd.

Stuart Ross, the Company’s President and CEO has entered into an executive employment agreement with the Company dated August 15, 2017 (the “Employment Agreement”). Pursuant to the Employment Agreement, Mr. Ross acts as the Company’s President and CEO for base compensation of \$20,000 per month, this amount was decreased to \$10,000 per month on July 1, 2019. The Employment Agreement has a one year term expiring on August 15, 2018, subject to renewal for successive one year terms. At the Company’s election, during the first year of the term of the Employment Agreement, it may determine to pay ½ of Mr. Ross’ base compensation through the issuance of common shares of the Company, quarterly in arrears, subject to the approval of the TSX Venture Exchange at a price per share equivalent to the Discounted Market Price (as such term is defined in the Corporate Finance Manual of the TSX Venture Exchange) on the date prior to the issuance, but in any event at not less than \$0.15 per share. In the event of a termination of the Employment Agreement without cause, the Company shall pay to Mr. Ross a lump sum equivalent to three months’ base compensation plus any arrears owed plus a further one month of base compensation for each 12 month period Mr. Ross has served the Company at the time of termination. In the event of a termination following a change of control of the Company (and for a period of six months thereafter), Mr. Ross is entitled to receive a lump sum equal to 12 months’ base compensation plus any arrears.

Except as described above, the Company does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO’s responsibilities.

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

The Company has a compensation committee and nominating and corporate governance committee. All tasks related to developing and monitoring the Company’s approach to the compensation of executive officers of the Company and to developing and monitor the Company’s approach to the nomination of directors are performed by the members of these committees. The committees meet to discuss and determine management compensation as required, without reference to formal objectives, criteria or analysis.

### Compensation Philosophy

The Company has taken a forward looking approach for the compensation for its directors, officers, employees and consultants to ensure that the Company can continue to build and retain a successful and motivated discovery and development team and, importantly, align the Company's future success with that of Shareholders.

The Company's compensation strategy is to attract and retain talent and experience with focused leadership in the operations, financing and asset management of the Company with the objective of maximizing the value of the Company. The Company compensates its Named Executive Officers based on their skill and experience levels and the existing stage of development of the Company. NEOs 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.

Under the Company's compensation policies and practices, NEOs and directors are not prevented from purchasing financial instruments, including prepaid variable forward contracts, equity swa

ps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the executive officer or director.

The Company has not currently identified specific performance goals or benchmarks as such relate to executive compensation. The stage of the Company's development and the small size of its specialized management team allow frequent communication and constant management decisions in the interest of developing Shareholder value as a primary goal.

The Board of Directors believes that the compensation policies and practices of the Company do not encourage executive officers to take unnecessary or excessive risk; however the Board intends to review from time to time and at least once annually, the risks, if any, associated with the Company's compensation policies and practices at such time. Implicit in the Board of Director's mandate is that the Company's policies and practices respecting compensation, including those applicable to the Company's executives, be designed in a manner which is in the best interests of the Company and Shareholders and risk implications is one of many considerations which are taken into account in such design.

### Compensation Components

The Board of Directors has implemented three levels of compensation to align the interests of the Named Executive Officers with those of the Shareholders. First, NEOs may be paid a monthly salary or consulting fee. Second, the Board of Directors may award NEOs long-term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in Shareholder value. To date, no specific formulas have been developed to assign a specific weighting to each of these components.

#### *Base Salary*

The base compensation of the Named Executive Officers is reviewed and set annually by the Board of Directors. The salary review for each NEO is based on an assessment of factors such as:

- current competitive market conditions;
- compensation levels within the peer group; and
- particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual.

Using this information, together with budgetary guidelines and other internally generated planning and forecasting tools, the Board performs an annual assessment of the compensation of all executive officer compensation levels and then sets the base salaries or consulting fees of the NEOs.

### *Annual Incentive Plan*

Awards under the Company's annual incentive plan are made by way of cash bonuses, which are based in part on the Company's success in reaching its objectives and in part on individual performance. The Board considers and awards annual incentives.

In determining whether to award any annual incentives, the Board reviews corporate performance objectives during the year. During the last financial year, the principal objectives included:

- exploration success, including the discovery of material mineralization in one or more of the Company's properties;
- acquisition of new properties;
- sales and joint ventures of properties and the formation of strategic alliances;
- capital management;
- maintaining compliance with the regulatory and disclosure framework;
- increasing investor interest in the Company; and
- increasing the Company's market capitalization.

The Board assesses each NEO's performance on the basis of his respective contribution to the achievement of corporate goals as well as to the needs of the Company that arise on a day-to-day basis. There were no annual bonuses paid to the NEOs during the last financial year.

### *Long-Term Compensation*

Long-term compensation is paid to NEOs in the form of stock option grants.

### *Stock Option Plan*

The Company has established a stock option plan (the "Stock Option Plan") to encourage share ownership and entrepreneurship on the part of the directors, senior management, employees and consultants. The Board believes that the Stock Option Plan aligns the interests of Named Executive Officers with the interests of Shareholders by linking a component of executive compensation to the longer term performance of the common shares.

Options are generally granted on an annual basis, subject to the imposition of trading black-out periods, in which case options scheduled for grant will be granted subsequent to the end of the black-out period. All options granted to NEOs are approved by the Board of Directors.

In monitoring stock option grants, the Board takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each NEO based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to Shareholder value.

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

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

The Board makes these determinations subject to and in accordance with the provision of the Stock Option Plan

There were no actions, decisions or policies made since October 31, 2017 that would affect a reader's understanding of NEO compensation.

### **Pension Disclosure**

The Issuer does not have any pension or retirement plan which is applicable to the NEOs or directors. The Issuer has not provided compensation, monetary or otherwise, to any person who now or previously has acted as an NEO of the Issuer, in connection with or related to the retirement, termination or resignation of such person, and the Issuer has provided no compensation to any such person as a result of a change of control of the Issuer.

### Securities Authorized for Issuance under Equity Compensation Plans

The following table sets out details of all the Company's equity compensation plans as of October 31, 2019, being the end of the Company's most recently completed financial year. The Company's equity compensation plan consists of its Stock Option Plan.

<b>Plan Category</b>	<b>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</b>	<b>Weighted-average exercise price of outstanding options, warrants and rights (b)</b>	<b>Number of securities remaining available for future issuance under equity compensation plans, excluding securities reflected in column (a) (c)</b>
Equity compensation plans approved by security holders	4,600,000	N/A	6,987,255
Equity compensation plans not approved by security holders	None	N/A	N/A
<b>TOTAL</b>	4,600,000	N/A	6,987,255

Notes:

- (1) As at October 31, 2019, being the Company's last completed financial year, at which time 74,239,213 Common Shares and 4,600,000 Options were issued and outstanding.

### CORPORATE GOVERNANCE DISCLOSURE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canadian Securities Administrators requires the Company to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

#### **Board of Directors**

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

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

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

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

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

The Board of Directors is responsible for the appointment of senior management and monitoring of their performance.

The Board of Directors has not adopted a written mandate or code setting out the foregoing obligations, since it believes it is adequately governed by the requirements of applicable corporate and securities common and statute law which provide that the Board has responsibility for the stewardship of the Company. That stewardship includes responsibility for strategic planning, identification of the principal risks of the Company's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Company's internal control and management information systems.

The Board of Directors is currently comprised of five directors, of which three are independent. A director is "independent" if the director 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 a director's independent judgement. The independent members of the Board are Keith Henderson, Deepak Malhotra and Robert van Doorn. The non-independent directors are Hendrik van Alphen and Robert Kopple.

The Board facilitates its exercise of independent supervision over the Company's management through frequent meetings of the Board.

The Board does not hold regularly scheduled meetings without the non-independent directors and members of management. Since the beginning of the Company's last financial year, the independent directors did not hold any ad hoc meetings without the non-independent directors and management.

When a matter being considered involves a director, that director does not vote on the matter. As well, the directors regularly and independently confer amongst themselves and thereby keep apprised of all operational and strategic aspects of the Company's business.

At this time, the Board of Directors does not have a Chairman. In the absence of a Chairman and accordance with the articles of the Company, any director of the Company, as selected by the Board of Directors from time to time and in any such manner as they may determine, is responsible for presiding over meetings of the directors. In the absence of a Chairman, meetings of the Company's Shareholders will be presided upon by the Company's Chief Executive Officer. The Company has determined that this is appropriate as the independent directors either have significant experience as directors and officers of publicly traded companies or as members of the financial investment community and therefore, do not require the guidance of an independent Chairman of the Board in exercising their duties as directors.



## Other Directorships

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

Name of Director	Name of other Reporting Issuer
Hendrik van Alphen	Ethos Gold Corp. Gelum Capital Ltd. Latin Metals Inc. Wealth Minerals Ltd.
Keith Henderson	Latin Metals Inc. Velocity Minerals Ltd. Pacific Empire Minerals Corp.
Robert van Doorn	TriMetals Mining Inc.
Robert Kopple	Latin Metals Inc. Gelum Capital Ltd.
Deepak Malhotra	Canarc Resource Corp. Magellan Gold Corp.

## Orientation and Continuing Education

While the Company does not have formal orientation and training programs, new Board members are provided with:

1. Information respecting the functioning of the Board of Directors, committees and copies of the Company's corporate governance policies;
2. Access to recent and historical, publicly filed documents of the Company, management reports and the Company's internal financial information; and
3. Access to management, technical experts and consultants.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance and to attend related industry seminars and visit the Company's operations. Board members have full access to the Company's records.

## Ethical Business Conduct

The Board of Directors 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 corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director's participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

## Nomination of Directors

The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. The Board is responsible for identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of the shareholders. The appointment of new directors (either to fill vacancies or to add additional directors as permitted by applicable corporate legislation) or the nomination for election as a director of a person not currently a director by the shareholders at an annual general meeting is carried out by the Board. Once the names of any suggested nominees are provided to the Board, it then carries out such reviews as it determines to be appropriate (which may include interviews with the proposed nominee) to determine if the proposed nominee is an appropriate "fit" for election to the Board. In addition, prior to each AGM, the Board carries out a review of the then current board composition and makes recommendations as to the individuals (whether existing directors or non-directors) it considers should be nominated for election as a director at the upcoming AGM.

## **Assessments**

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

## **General Compensation Strategy**

The executive officers of the Company are compensated in a manner consistent with their respective contributions to the overall benefit of the Company, and in line with the criteria set out below.

At the present time, executive compensation at the Company is based on a subjective analysis by the members of the CC of information available to them regarding compensation in the junior mineral exploration industry in general, together with their own experience as directors of mineral resource exploration companies, and the CC has not formulated any specific or objective performance benchmarks or goals with respect to determining executive compensation. Pursuant to the employment agreements in place for a number of executive officers, the CC is to consider, on a yearly basis and within 120 days of each fiscal year end, the performance of the executive officers during the relevant fiscal year, the rate of inflation, the performance of the Company and of its common shares, the services anticipated to be provided by the executive officers over the next fiscal year, the comparable salaries for such positions in the then current marketplace in which the Company operates, the existing and projected financial status of the Company and any other factors it determines to be relevant. In the case of a mineral exploration company such as the Company, the ability to determine and carry out generative programs based on new geological theories or concepts in previously unexplored areas, the ability to source and secure promising mineral properties and to successfully negotiate for the option, joint venture or sale, when appropriate, of the Company's interest in its mineral properties, the ability to plan and carry out appropriate exploration and development activities on the Company's mineral properties and raise the necessary capital to carry out such activities and otherwise maintain the Company's ongoing activities, the ability to ensure compliance by the Company with applicable regulatory requirements and the ability to carry on business in an ethical and sustainable manner, are considered by the CC to be of primary importance in assessing the performance of its executive officers.

The foregoing criteria are used to subjectively assess the appropriate compensation level for the CEO and other executive officers.

## **Majority Voting Policy**

On March 22, 2013, the Board adopted a majority voting policy. Pursuant to the majority voting policy, the form of proxy for meetings of the shareholders of the Company at which directors are to be elected provide the option of voting in favour, or withholding from voting, for each individual nominee to the Board. If, with respect to any particular nominee, the number of shares withheld from voting exceeds the number of shares voted in favour of the nominee, then the nominee will be considered to have not received the support of the shareholders, and such nominee is expected to submit his or her resignation to the Board, to take effect on acceptance by the Board. The CGNC will review any such resignation and make a recommendation to the Board regarding whether or not such resignation should be accepted. The Board will determine whether to accept the resignation within 90 days following the shareholders' meeting. If the resignation is accepted, subject to any corporate law restrictions, the Board may:

- (a) leave the resultant vacancy in the Board unfilled until the next annual meeting of shareholders of the Company;
- (b) fill the vacancy by appointing a director whom the Board considers to merit the confidence of the shareholders; or

- (c) call a special meeting of the shareholders of the Company to consider the election of a nominee recommended by the Board to fill the vacant position.

Directors who do not submit their resignation in accordance with the majority voting policy will not be re-nominated for election at the next shareholders' meeting. The majority voting policy applies only in the case of an uncontested shareholders' meeting, meaning a meeting where the number of nominees for election as directors is equal to the number of directors to be elected.

### **Other Board Committees**

Committees of the Board are an integral part of the Company's governance structure. At the present time, the Board has the following standing committees: Audit Committee and Compensation Committee.

Disclosure with respect to the Audit Committee, as required by NI 52-110, contained in Schedule "A" attached. Details of the composition and function of the remaining standing committees of the Board are as follows:

#### *Compensation Committee*

Hendrik van Alphen (Chair)  
Keith Henderson  
Robert Kopple

The Board has established a Compensation Committee ("CC"), and has adopted a written charter for the CC, effective December 16, 2004. The members of the CC are Hendrik van Alphen, Keith Henderson and Robert Kopple. Keith Henderson is an independent director. All of these individuals have been previously, and are concurrently, involved with compensation matters at other companies, both public and private, of which they are directors. The overall purpose of the CC is to implement and oversee human resources and compensation policies and best practices for recommendation to the Board for approval and implementation. The responsibilities of the Compensation Committee generally include: (1) recommending human resources and compensation policies to the Board for approval and thereafter implementing such policies; (2) ensuring the Company has programs in place to attract and develop management of the highest calibre and a process to provide for the orderly succession of management; (3) assessing and reporting to the Board on the performance of the CEO; (4) reviewing the compensation of the CEO and other officers and members of the Board and making recommendations in respect thereof to the Board; (5) reviewing and approving any proposed amendments to the Company's incentive stock options plan; and (6) making recommendations to the Board concerning stock option grants.

There is no written position description for the Chair of the CC. However, as a general statement, the Chair is responsible for setting the tone for the work of the CC, ensuring that members have the information needed to do their jobs, overseeing the logistics of the CC's operations, reporting to the Board on the CC's decisions and recommendations and setting the agenda for the meetings of the CC.

The CC is responsible for assisting the Board in monitoring, reviewing and approving compensation policies and practises of the Company and its subsidiaries and administering the Company's 2012 Incentive Stock Option Plan. With regard to the CEO, the CC is responsible for reviewing and approving corporate goals and objectives relevant to the CEO's compensation, evaluating the CEO's performance in light of those goals and objectives and making recommendations to the Board with respect to the CEO's compensation level based on this evaluation. In consultation with the CEO, the CC makes recommendations to the Board on the framework of executive remuneration and its cost and on specific remuneration packages for each of the directors and officers other than the CEO, including recommendations regarding awards under equity compensation plans. The CC also reviews executive compensation disclosure before the Company publicly discloses the information. The CC's decisions are typically reflected in consent resolutions.

The CC has the authority to engage and compensate, at the expense of the Company, any outside advisor that it determines to be necessary to permit it to carry out its duties (including compensation consultants and advisers), but it did not retain any such outside consultants or advisers during the financial year ended October 31, 2019.

### **AUDIT COMMITTEE**

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

#### **Overview**

The primary function of the Audit Committee of the Board (the “Audit Committee”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by (i) reviewing the financial reports and other financial information provided by the Company to regulatory authorities and Shareholders; (ii) reviewing the systems for internal corporate controls which have been established by the Board and management; and (iii) 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 of Directors. The Audit Committee is also mandated to review and approve all material related party transactions.

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

Unless it is a “venture issuer” (an issuer, the securities of which are not listed or quoted on any of the Toronto Stock Exchange, a market in the USA other than the over-the-counter market, or a market outside of Canada and the USA) as of the end of its last financial year, NI 52-110 requires each of the members of the Audit Committee to be independent and financially literate. Since the Company is a “venture issuer” (its securities are listed on the TSX-V, but are not listed or quoted on any other exchange or market) it is exempt from this requirement. In addition, the Company’s governing corporate legislation requires the Company to have an audit committee composed of a minimum of three (3) directors, a majority of whom are not officers or employees of the Company or an affiliate of the Company. The Audit Committee complies with this requirement.

The Audit Committee is currently comprised of the following members: Robert van Doorn (Chairman), Robert Kopple and Deepak Malhotra. Each member of the Committee is considered to be “financially literate” as defined by NI 52-110 in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company’s financial statements. Robert van Doorn and Deepak Malhotra of the Audit Committee are considered independent. To be considered to be independent, a member of the Audit Committee must not have any direct or indirect “material relationship” with the Company. A material relationship is a relationship which could, in the view of the Board reasonably interfere with the exercise of a member’s independent judgment.

The current members of the Audit Committee are elected by the Board of Directors at its first meeting following the annual Shareholders’ meeting. Unless a Chairman is elected by the full Board, the members of the Committee designate a Chairman by a majority vote of the full Committee membership.

#### **Relevant Education and Experience**

*Robert Van Doorn:* Robert Van Doorn is a consultant to the mining industry with over 20 years of experience in the mineral resource business. From 2005 to 2009, Mr. Van Doorn was the President and CEO of Mundoro Mining Inc., a public company involved with the development of the Maoling Gold project in China and from 2003 to 2004 he was the Executive Vice-President of Rio Narcea Gold Mines Ltd., a public company with projects in Spain, Portugal and Mauritanea. From 2002 to 2006, he was involved with Golden China Resources Corporation, a joint venture with Kingsway Capital (a Hong Kong

merchant bank) involved with investments in the Chinese precious metals sector, which evolved into a mid-size mineral exploration company. From 1997 to 2002, Mr. Van Doorn was a senior mining analyst at Loewen, Ondaatje, Mccutcheon, where he was active in creating corporate finance opportunities, publishing research reports and raising funding for natural resource companies. He is currently a director of Trimetals Mining Inc., a TSX listed public mineral exploration company. Mr. Van Doorn holds a M.Sc. in Mining Engineering (Delft University, 1980) and an MBA (University of Cape Town, 1985).

***Robert Kopple:*** Mr. Kopple is an attorney, real estate investor, and business financier. Mr. Kopple is a director of Gelum Capital Ltd, Latin Metals, Inc., Madvertise SA, and Triton Emission Solutions, Inc. He is a graduate of DePaul University from which he received his BA and Juris Doctor Degrees. He also holds a Master of Laws (In Taxation) from New York University School of Law. He is a co-founding partner of the law firm Kopple, Klinger & Elbaz in Los Angeles, California, and has over 30 years experience practicing law. As a real estate investor he is involved in the financing, negotiation, analysis, ownership, and management of investment properties.

***Deepak Malhotra:*** Dr. Malhotra is Principle and President of Pro Solo Consulting, LLC since 2018 and Principle of Resource Development Inc. (RDi), an international testing and consulting company located in Wheat Ridge, CO, USA since 1990 and provides services to the mining industry worldwide. He is also a director of Magellan Gold Corp. and Canarc Resource Corp. From 1973 to 1990, Dr. Malhotra worked for AMAX Inc. and held several positions including group leader and senior metallurgical engineer. He is a distinguished member of Society of Mining, Metallurgical and Exploration Inc. (SME). He has published over 80 technical papers and written or edited several books. Dr. Malhotra holds B.S. (I.I.T., Kanpur, India, 1970) and M.S. (Colorado School of Mines, Colorado, 1973) in Metallurgical Engineering and Ph.D. in Mineral Economics (Colorado School of Mines, Colorado, 1979). Dr. Malhotra also serves on the audit committee of Canarc Resource Corp.

### **Audit Committee Charter**

The Company has adopted a Charter for the Audit Committee which sets out the committee's mandate, organization, powers and responsibilities, a copy of which is attached hereto as Appendix A.

### **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year, the Company's Board of Directors 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 an exemption in Section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), Section 3.2 of NI 52-110 (*Initial Public Offerings*), Section 3.3(2) of NI 52-110 (*Controlled Companies*), Section 3.4 of NI 52-110 (*Events Outside Control of Member*), Section 3.5 of NI 52-110 (*Death, Disability or Resignation of Audit Committee Member*) or Section 3.6 of NI 52-110 (*Temporary Exemption for Limited and Exceptional Circumstances*), on an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*) or on Section 3.8 of NI 52-110 (*Acquisition of Financial Literacy*).

### **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 Company's Board of Directors, and where applicable the Audit Committee, on a case-by-case basis.

## External Auditor Service Fees

The following table sets out the fees paid by the Company to its auditors in each of the last two financial years.

Financial Year Ending	Audit Fees <sup>(1)</sup>	Audit Related Fees <sup>(2)</sup>	Tax Fees <sup>(3)</sup>	All Other Fees <sup>(4)</sup>
October 31, 2019	\$30,000	--	\$4,000	--
October 31, 2018	\$28,000	--	\$4,500	--

Notes:

- (1) The aggregate audit fees billed for the audit of the financial statements for the fiscal year indicated.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements which are not included under the heading "Audit Fees".
- (3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning. The work performed in each year was assistance in the preparation and review of Cardero's tax returns.
- (4) The aggregate fees billed for products and services other than as set out under the headings "Audit Fees", "Audit Related Fees" and "Tax Fees". The services rendered are in connection with the review of the Company's quarterly financial statements and management discussion and analysis for the fiscal years indicated.

## Venture Issuer Exemption

Since the Company is a "venture issuer" it relies on the exemption contained in Section 6.1 of NI 52-110 from the requirements of Part 3 Composition of the Audit Committee (as described in "Composition of the Audit Committee" above) and Part 5 Reporting Obligations of NI 52-110 (which requires certain prescribed disclosure about the Audit Committee in the Company's Annual Information Form, if any, and this Circular).

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Financial Statements

The audited financial statements of the Company for the financial years ended October 31, 2019 and October 31, 2018 and the auditor's reports thereon and the management discussion and analysis ("MD&A") for the financial years ended October 31, 2019 and October 31, 2018 will be placed before the Meeting for consideration by the Shareholders. The Board has approved the financial statements of the Company, the auditor's report thereon, and the MD&A, as such no Shareholders' vote needs to be taken thereon at the meeting. The financial statements and MD&A are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### Appointment and Remuneration of Auditor

Shareholders will be asked at the Meeting to approve the appointment of Smythe LLP, Chartered Professional Accountants, of Suite 700 – 355 Burrard Street, Vancouver, British Columbia, as auditor of the Company to hold office until the next annual general meeting of the Shareholders at a remuneration to be fixed by the directors. Smythe LLP were appointed as the Company's auditor on October 16, 2014.

**In the absence of instructions to the contrary, a properly executed and returned proxy will be voted for the appointment of Smythe LLP as auditor of the Company until the next annual general meeting of the Shareholders and to authorize the directors to fix the auditor's remuneration.**

### Number of Directors

Shareholders will be asked at the Meeting to approve an ordinary resolution to set the number of directors of the Company at five for the ensuing year. The Board of Directors recommends a vote "FOR" the approval of the resolution setting the number of directors at five. **In the absence of instructions to the contrary, a properly executed and returned proxy will be voted "FOR" the approval of the resolution setting the number of directors at five.**

## Election of Directors

The directors of the Company are elected at each annual general meeting of Shareholders and each holds office until the next annual general meeting of the Shareholders or until his successor is elected or appointed or unless he becomes disqualified under the *Business Corporations Act* (British Columbia) to act as a director.

Each of the persons named in the following table are proposed for nomination for election as a director of the Company. The Board of Directors recommends a vote “FOR” each of the nominees listed below. **In the absence of instructions to the contrary, a properly executed and returned proxy will be voted “FOR” the proposed directors set out below.** Management does not contemplate that any of the proposed directors will be unable to serve as a director. Each director elected 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 in accordance with the articles of the Company or the provisions of the *Business Corporations Act* (British Columbia).

The following table sets out the name of each proposed director, the province or state and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time for which he has been a director of the Company, and the number of common shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as of the date of this Information Circular:

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation during past five years <sup>(1)</sup>	Date became a Director	Number of common shares beneficially owned or controlled or directed, directly or indirectly <sup>(1)</sup>
Hendrik van Alphen British Columbia, Canada Director	Mining executive; Chief Executive Officer of Cardero Resource Corp. from May 2001 to November 2011, President from April 2000 to June 2011 and President and Chief Executive Officer since March 2013; President and Chief Executive Officer of Wealth Minerals Ltd. since July 2006 and director since September 2004; director of Ethos Capital Corp. since August 2009; director of Latin Metals Inc. since May 2015; director of Gelum Capital Ltd. since December 2015; former director of Blackrock Capital Corp. and Cellcube Energy Systems Inc.	April 19, 1999	1,512,412 common shares
Robert van Doorn <sup>(2)</sup> British Columbia, Canada Director	Mining Engineer, director of Trimetals Mining Inc. since May 2015; former director of Romarco Minerals Inc., Hana Mining Ltd., Golden China Resources Corporation and Mundoro Mining Inc.	April 4, 2014	1,221,667 common shares

Name, province or state and country of residence and positions, current and former, if any, held in the Company	Principal occupation during past five years <sup>(1)</sup>	Date became a Director	Number of common shares beneficially owned or controlled or directed, directly or indirectly <sup>(1)</sup>
Keith Henderson British Columbia, Canada Director (Nominee)	Mining Executive; Executive Vice President of Cardero Resource Corp. from November 2011 to August 2016, Vice President Exploration from April 2007 to November 2011, and director from October 2017 to present; director of Desert Star Resources from October 2013 to November 2017; director of Remo Resources Inc. from October 2012 to January 2018; director of Providence Resources Corp. from November 2011 to April 2015; President, Chief Executive Officer and director of Dorato Resources Inc. from December 2008 to November 2011; President, Chief Executive Officer and Director of Latin Metals Inc. from May 2015 to present; President, Chief Executive Officer and director of Velocity Minerals Ltd. from July 2017 to present; director of Pacific Empire Minerals Corp. from December 2017 to present; director of Gelum Capital Ltd. since August 2019.	n/a	600,000 common shares
Robert Kopple <sup>(2)</sup> California, USA Director	Attorney and co-founder of Kopple, Klinger & Elbaz, LLP. Director of Gelum Capital Ltd. since October 2014; Director of Latin Metals Inc. since February 2018.	October 26, 2018	83,059,156 common shares
Deepak Malhotra <sup>(2)</sup> Colorado, USA Director	Principle and Director of Resource Development Inc. (RDi), an international testing company located in Wheat Ridge, CO., President of Pro Solo Consulting, LLC located in Lakewood, CO, Director of Canarc Resource Corp. since May 2015; Director of Magellan Gold Corp. since September 2020, former Director of Blackrock Gold Corp. from May 2016 to May 2019.	October 26, 2017	550,000 common shares

## Notes:

- (1) The information as to principal occupation and number of common shares beneficially owned or controlled, not being within the knowledge of the Company, has been furnished by the respective proposed directors themselves. Unless otherwise indicated, such shares are held directly.
- (2) Denotes a member of the Audit Committee.

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, no proposed director of the Company is, as of the date of this Information Circular or was within ten years before the date thereof, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Company) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the director



or Chief Executive Officer or Chief Financial Officer was acting in the capacity as director, Chief Executive Officer or Chief Financial Officer; or

- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer 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.
- (c) Mr. Robert C. Kopple and Mr. Hendrik van Alphen, both directors of the Company, are directors of Gelum Capital Ltd. On September 4, 2018, a cease trade order was issued by the British Columbia Securities Commission for the failure to file audited annual financial statements, MD&A and certifications of annual filings for the financial year ended April 30, 2018. Gelum Capital Ltd. is up to date in filing its financial statements and the Cease Trade Order was revoked on August 6, 2019.

No proposed director of the Company:

- (a) is, as of the date of this Information Circular or was within ten years before the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within ten years before the date as of 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.

#### Penalties or Sanctions

No proposed director of the Company has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) 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.

The foregoing, not being within the knowledge of the Company, has been furnished by the respective proposed directors themselves.

#### **Ratification and Approval of 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 information is intended as a brief description of the Stock Option Plan and is qualified in its entirety by the full text of the Stock Option Plan, which will be available for review at the Meeting and at the Company's records office located at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia for 10 business days prior to the Meeting, during business hours.

1. Eligible Participants. Options may be granted under the Stock Option Plan to directors or officers of the Company or an affiliate of the Company (in this section collectively, the “Directors”), employees of the Company or a subsidiary (in this section collectively, the “Employees”) or consultants of the Company or an affiliate (in this section collectively, the “Consultants”). The Board of Directors, in its discretion, determines which of the Directors, Employees or Consultants will be awarded options under the Stock Option Plan.
2. Number of Shares Reserved. The number of common shares in the capital of the Company which may be issued pursuant to options granted under the Stock Option Plan may not exceed 10% of the issued and outstanding common shares at the date of granting of options (including all options granted by the Company prior to the adoption of the Stock Option Plan and thereunder). Options which are cancelled or expire prior to exercise continue to be issuable under the Stock Option Plan.
3. Term of Options. Subject to the termination and change of control provisions noted below, the terms of any option granted under the Stock Option Plan is determined by the Board and may not exceed five years from the date of grant.
4. 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 discounted market price, as that term is defined under applicable TSX-V policies or such other minimum price as is permitted by the Exchange in accordance with the policies, as amended from time to time, or, if the common shares are no longer listed on the TSX-V, 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.
5. Vesting. All options granted pursuant to the Stock Option Plan will be subject to such vesting requirements as may be prescribed by the TSX-V, if applicable, or as may be imposed by the Board of Directors.
6. Termination of Options. Any options granted pursuant to the Stock Option Plan will terminate upon the earliest of:
  - (a) the end of the term of the option;
  - (b) if the termination is as a result of dismissal for cause or regulatory sanction, then immediately on the termination date;
  - (c) if the termination is as a result of death or disability, then the date that is one year from the date of such death or disability; or
  - (d) if the option holder ceases to be a director of the Company or ceases to be employed by the Company (other than by reason of death), as the case may be, then the option granted shall expire on no later than the 90th day following the date that the option holder ceases to be a director or ceases to be employed by the Company, subject to the terms and conditions set out in the Stock Option Plan. However, if the option holder is engaged in investor relations activities, the options must expire within 30 days after the option holder ceases to be employed by the Company to provide investor relations activities, in accordance with the policies of the TSX-V.

The Board of Directors may from time to time alter, suspend or discontinue the Stock Option Plan. Subject to the approval of the TSX-V, the Board may also at any time amend or revise the terms of the Stock Option Plan, provided that no such amendment or revision shall result in a material adverse change to the terms of any options granted under the Stock Option Plan, unless Shareholder approval or disinterested Shareholder approval, as the case may be, is obtained for such amendment or revision.

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

The policies of the TSX-V require stock option plans which reserve for issuance up to 10% (instead of a fixed number) of a listed company's shares be approved annually by its Shareholders. That approval is being sought at the Meeting by way of an ordinary resolution.

Following approval of the Stock Option Plan by the Shareholders any options granted pursuant to the Stock Option Plan will not require further Shareholder or TSX-V approval unless the exercise price is reduced or the expiry date is extended for an option held by an insider of the Company.

Shareholders will be asked at the Meeting to consider, and if thought fit, to approve an ordinary resolution approving and ratifying the Stock Option Plan as follows:

“BE IT RESOLVED THAT:

1. The Company's Stock Option Plan (the “Plan”) be and is hereby approved, confirmed and ratified, subject to the acceptance of the Plan by the TSX Venture Exchange (the “Exchange”); and
2. Any one director or officer of the Company be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal of the Company or otherwise all such deeds, documents, instruments and assurances as in his opinion may be necessary or desirable to give effect to the foregoing resolutions, including, without limitation, making any changes to the Plan required by the Exchange or applicable securities regulatory authorities and to complete all transactions in connection with the implementation of the Plan.”

The Stock Option Plan requires approval by a majority of the votes cast by Shareholders present in person or by proxy at the Meeting.

The Board of Directors recommends a vote “FOR” the approval of the resolution approving and ratifying the Stock Option Plan. **In the absence of instructions to the contrary, a properly executed and returned proxy will be voted “FOR” the approval of the resolution approving and ratifying the Stock Option Plan.**

#### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed Proxy to vote the shares represented thereby in accordance with their best judgement on such matter, exercising discretionary authority with respect to amendments or variations of matters set forth in the Notice of Meeting and other matters which may properly come before the Meeting or any adjournment of the Meeting.

#### **ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on SEDAR at [www.sedar.com](http://www.sedar.com) under “Issuer Profiles – Cardero Resource Corp. The Company's financial information is provided in the Company's comparative financial statements and related management discussion and analysis for its most recently completed financial year and may be viewed on the SEDAR website at the location noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis for the financial year ended October 31, 2019 by contacting the Company by mail at Suite 2300 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3, attention: Corporate Secretary or by telephone: 604-408-7488 Ext. 3886.

DATED this 15<sup>th</sup> day of September, 2020.

ON BEHALF OF THE BOARD OF DIRECTORS

*/s/ Stuart Ross*

Stuart Ross,  
President & Chief Executive Officer

## **SCHEDULE "A"**

### **Audit Committee Information**

#### **The Audit Committee's Charter**

The following is the text of the current Charter for Cardero's Audit Committee:

### **"CARDERO RESOURCE CORP.**

#### **AUDIT COMMITTEE CHARTER**

(Adopted by the Board of Directors on December 16, 2004)

##### **- PURPOSE**

The overall purpose of the Audit Committee (the "Committee") is to:

- (a) ensure that the management of Cardero Resource Corp. (the "Company") has designed and implemented an effective system of internal financial controls for reviewing and reporting on the Company's financial statements;
- (b) oversee, review and report on the integrity of the Company's financial disclosure and reporting;
- (c) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts; and
- (d) be directly responsible for:
  - (A) the selection of a firm of external auditors to be proposed for election as the external auditors of the Company,
  - (B) the oversight of the work of the Company's external auditors, and
  - (C) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Company.

##### **- COMPOSITION, PROCEDURES AND ORGANIZATION**

The Committee will consist of at least three members of the Board of Directors (the "Board"), all of whom will be "independent" and "unrelated directors" of the Company within the meaning of all applicable legal and regulatory requirements (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).

All of the members of the Committee will be "financially literate", at least one member of the Committee will have accounting or related financial expertise (i.e. able to analyze and interpret a full set of financial statements, including the notes thereto, in accordance with generally accepted accounting principles) and at least one member of the Committee will be a "financial expert" within the meaning of the rules and forms adopted by the Securities and Exchange Commission (except in the circumstances, and only to the extent, permitted by all applicable legal and regulatory requirements).

The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, will appoint the members of the Committee for the ensuing year. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.

Unless the Board has appointed a chair of the Committee, the members of the Committee will elect a chair from among their number.

The Committee will select an individual to act as secretary for the Committee, who will be either:

- (e) a member of the Committee other than the chair, or
- (f) another individual who is not a member of the management of the Company.

The quorum for meetings will be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to

speak and to hear each other. Decisions by the Committee will be by the affirmative vote of a majority of the members of the Committee, or by consent resolutions in writing signed by each member of the Committee.

The Committee will have access to such officers and employees of the Company and to the Company's external auditors, and to such information respecting the Company, as it considers to be necessary or advisable in order to perform its duties and responsibilities.

Meetings of the Committee will be conducted as follows:

- (g) the Committee will meet:
  - (D) at least four times annually, and
  - (E) may meet as many additional times:
    - as deemed necessary or appropriate by the Committee,
    - upon request by any member of the Committee, the Chief Executive Officer, the Chief Financial Officer or the external auditors,
- in each case at such times and at such locations as may be determined by the Committee or the chair of the Committee. Except in respect of a regularly scheduled meeting of the Committee, notice of such meeting, together with a proposed agenda, will be delivered to each member of the Committee not less than forty-eight (48) hours prior to the proposed meeting time (which notice may be waived by all of the members of the Committee); and
- (h) the external auditors and management representatives will be invited to attend as necessary in the discretion of the Committee.

The internal accounting staff, any external accounting consultant(s) and the external auditors will have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in, or consultant of, the Company as it deems necessary, and any employee of, or consultant to, the Company may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

The Committee may, in its sole discretion, retain, at the expense of the Company, such legal, financial or other advisors or consultants as it may deem necessary or advisable in order to properly and fully perform its duties and responsibilities hereunder.

#### **- DUTIES AND RESPONSIBILITIES**

The overall duties and responsibilities of the Committee will be as follows:

- (i) be directly responsible for:
  - (F) the selection of a firm of external auditors to be proposed for election as the external auditors of the Company,
  - (G) the oversight of the work of the Company's external auditors, and
  - (H) subject to the grant by the shareholders of the authority to do so, if required, fixing the compensation of the external auditors of the Company;
- (j) to review with the management of the Company (and, in the case of the annual audited statements, with the external auditors) the annual audited consolidated and unaudited consolidated quarterly financial statements, including the notes thereto, to ensure that such statements present fairly the financial position of the Company and the results of its operations and, if appropriate, to recommend to the Board as to the approval of any such financial statements;
- (k) to assist the Board in the discharge of its responsibilities relating to the Company's accounting principles, reporting practices and internal controls and its approval of the Company's annual and quarterly consolidated financial statements;

- (l) to establish and maintain a direct line of communication with the Company's internal accounting staff and any external accounting consultant(s) and assess their performance;
- (m) to ensure that the management of the Company has designed, implemented and is maintaining an effective and appropriate system of internal financial controls; and
- (n) to report regularly to the Board on the fulfilment of its duties and responsibilities.

The duties and responsibilities of the Committee as they relate to the external auditors will be as follows:

- (o) to select a firm of external auditors to be proposed by management of the Company to the shareholders for election by the shareholders as the external auditors for the Company, and to verify the independence of such proposed external auditors;
- (p) to review and approve the fee, scope and timing of the annual and any other audit performed by the external auditors;
- (q) to review and evaluate the qualifications, performance and independence of the lead partner of the external auditors of the Company;
- (r) to discuss with management of the Company the timing and process for implementing the rotation of the lead audit partner and the reviewing partners of the external auditors of the Company;
- (s) to obtain confirmation from the external auditors of the Company that they will report directly to the Committee;
- (t) to obtain confirmation from the external auditors of the company that they will report in a timely matter to the Committee all critical accounting policies and practices to be used, all alternative accounting policies and practices, the ramifications of each of such accounting policies and practices and the accounting policy and practice preferred by the external auditors of the Company, for the financial information of the Company within applicable IFRS which have been discussed with management of the Company and will provide a copy of all material written communications between the external auditors of the Company and management of the Company including, without limitation, any management letter or schedule of unadjusted differences;
- (u) to review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and any former external auditors of the Company;
- (v) to review and pre-approve all non-audit services to be provided to the Company (or any of its subsidiaries) by the external auditors, provided that such pre-approval authority may be delegated by the Committee to any member of the Committee who is "independent" and "unrelated" on the condition that any such pre-approval must be presented to the Committee at its first schedule meeting following any such approval;
- (w) review the audit plan of the external auditors prior to the commencement of the audit;
- (x) to review with the external auditors, upon completion of their annual audit:
  - (I) the contents of their report,
  - (J) the scope and quality of the audit work performed,
  - (K) the adequacy of the Company's financial and accounting personnel,
  - (L) the co-operation received from the Company's personnel and any external consultants during the audit,
  - (M) the scope and nature of the internal resources used,
  - (N) any significant transactions outside of the normal business of the Company,
  - (O) any significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems, and
  - (P) the non-audit services provided by the external auditors during the year under audit;
- (y) to discuss with the external auditors not just the acceptability, but also the quality, of the Company's accounting principles; and

- (z) to implement structures and procedures to ensure that the Committee meets the external auditors on a regular basis in the absence of management.

The duties and responsibilities of the Committee as they relate to the internal control procedures of the Company are to:

- (aa) review the appropriateness and effectiveness of the Company's policies and business practices which impact on the financial integrity of the Company, including those relating to internal accounting, the use of and services provided by any external accounting consultant(s), insurance, information services and systems and financial controls, management reporting and risk management, and to ensure that the Company maintains:
  - (Q) the necessary books, records and accounts in reasonable detail to accurately and fairly reflect the Company's financial transactions,
  - (R) effective internal control systems, and
  - (S) adequate processes for assessing the risk of material misstatement of the financial statements and for detecting control weaknesses or fraud;
- (bb) establish procedures for:
  - (T) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
  - (U) the confidential, anonymous submission by employees or any external consultants of the Company of concerns regarding questionable accounting or auditing matters;
- (cc) to periodically review this policy and recommend to the Board any changes which the Committee may deem appropriate;
- (dd) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Company;
- (ee) periodically review the Company's financial and auditing procedures and the extent to which recommendations made by the internal accounting staff, by any external accounting consultant(s) or by the external auditors have been implemented;
- (ff) assist in the preparation of any internal control report by management, which provides that management of the Company is responsible for establishing and maintaining an adequate control structure and procedures for financial reporting by the Company, assessing the effectiveness of such control structure and procedures, and ensuring that the external auditors of the Company attest to, and report on, the assessment of such control structure and procedures by management of the Company;
- (gg) assist the Chief Executive Officer and the Chief Financial Officer of the Company in their assessment of the effectiveness of the Company's internal control over financial reporting and in determining whether there has been any material change in the Company's internal control over financial reporting which has materially affected or could materially affect such internal control subsequent to the date of the evaluation; and
- (hh) assist the Chief Executive Officer and the Chief Financial Officer of the Company in identifying and addressing any significant deficiencies or material weaknesses in the design or operation of the Company's internal control over financial information and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

The Committee is also charged with the responsibility to:

- (ii) review the Company's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto;
- (jj) review and approve the financial sections of:
  - (V) the annual report to shareholders;

- (W) the annual information form (if any);
  - (X) any quarterly or annual management discussion and analysis;
  - (Y) prospectuses; and
  - (Z) other public reports requiring approval by the Board,  
and report to the Board with respect thereto including, without limitation, as to the approval (or otherwise) thereof by the Board;
- (kk) review regulatory filings and decisions as they relate to the Company's consolidated annual and interim financial statements, including any press releases with respect thereto;
  - (ll) ensure that the Company discloses in the periodic reports of the Company, as appropriate, whether at least one member of the Committee is a "financial expert" within the meaning of the rules and forms adopted by the Securities and Exchange Commission;
  - (mm) ensure that all non-audit services approved by or on behalf of the Committee are disclosed in the periodic reports of the Company;
  - (nn) ensure that each annual report and, to the extent required by any applicable legal or regulatory requirement, any quarterly report of the Company includes disclosure with respect to all material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities which may have a current or future effect on the Company in accordance with all applicable legal and regulatory requirements;
  - (oo) ensure that all financial statements and other financial information, including pro forma financial information, included in any report filed by the Company with any regulatory authority or contained in any public disclosure or press release of the Company is presented in a manner which does not contain a material misstatement or omission and reconciles the pro forma information contained therein to IFRS, and if appropriate, reconciles such pro forma information contained therein to United States GAAP, and which otherwise complies with all applicable legal and regulatory requirements;
  - (pp) review the appropriateness of the policies and procedures used in the preparation of the Company's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
  - (qq) review and report on the integrity of the Company's consolidated financial statements;
  - (rr) review the minutes of any audit committee meeting of any subsidiaries of the Company;
  - (ss) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and the manner in which such matters have been disclosed in the consolidated financial statements;
  - (tt) review the Company's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts; and
  - (uu) develop a calendar of activities to be undertaken by the Committee for each ensuing year and to submit the calendar in the appropriate format to the Board within a reasonable time following each annual general meeting of shareholders.

The Committee shall have the authority to determine:

- (vv) subject to the grant by the shareholders of the authority to do so, if required, the compensation to be received by the external auditors of the Company in connection with all audit services, and non-audit services, to be performed by the auditors;
- (ww) the compensation to be received by any legal, financial or other advisors or consultants engaged by the Committee to assist it in performing its duties and responsibilities hereunder; and
- (xx) the appropriate funding for the ordinary administrative expenses of the Committee.



- GENERAL

The Committee will:

- (yy) prepare any report or other disclosure, including any recommendation of the Committee, required by any applicable legal or regulatory requirement to be included in the annual proxy or information circular of the Company;
- (zz) review this Charter at least annually and recommend any changes herein to the Board;
- (aaa) report the activities of the Committee to the Board on a regular basis and make such recommendations thereto as the Committee may deem necessary or appropriate; and
- (bbb) prepare and review with the Board an annual performance evaluation of the Committee, which performance evaluation must compare the performance of the Committee with the requirements of this Charter and be conducted in such manner as the Committee deems appropriate. Such report to the Board may be in such form as the Committee determines, which may include being in the form of an oral report by the chair of the Committee or by another member of the Committee designated by the Committee to make such report.

No member of the Committee will receive any compensation from the Company, other than fees for being a director of the Company, or a member of a committee of the Board.

In addition to the foregoing, the Committee will perform such other duties as may be assigned to it by the Board from time to time or as may be required by any applicable stock exchanges, regulatory authorities or legislation.”