



**NOTICE OF ANNUAL GENERAL MEETING  
MANAGEMENT INFORMATION CIRCULAR**

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FOR THE

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

TO BE HELD

**TUESDAY, DECEMBER 19, 2017  
10:00 A.M. (PACIFIC)  
SUITE 1305, 1090 WEST GEORGIA STREET  
VANCOUVER, BRITISH COLUMBIA**

## **SALAZAR RESOURCES LIMITED**

#1305 - 1090 West Georgia Street  
Vancouver, BC V6E 3V7

### **NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Shareholders (the “**Meeting**”) of Salazar Resources Limited (the “**Company**”) will be held at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia on Tuesday, December 19, 2017 at 10:00 a.m. (Pacific time), for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2016, together with the report of the auditors therein;
2. To fix the number of directors at six (6);
3. To elect directors;
4. To appoint D&H Group LLP, Chartered Professional Accountants, as the auditor of the Company for the ensuing year and to authorize the directors to fix the auditor's remuneration; and
5. To consider and, if thought fit, to pass an ordinary resolution to ratify and approve the Company's incentive stock option plan, as more particularly described in the accompanying Management Information Circular.

Accompanying this Notice of Meeting is a Management Information Circular, together with a Form of Proxy and a Request Form for Annual and Interim Financial Statements. The accompanying Management Information Circular provides information relating to the matters to be addressed at the meeting and is incorporated into this Notice of Meeting.

To be valid, the accompanying Form of Proxy, duly completed, dated and signed, must arrive at the office of the Registrar and Transfer Agent of the Company, Computershare Investor Services Inc., not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting or delivered to the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting.

If you are a non-registered shareholder of the Company and received this Notice of Meeting and accompanying materials through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the Income Tax Act (Canada), or a nominee of any of the foregoing that holds your security on your behalf (the "Intermediary"), please complete and return the materials in accordance with the instructions provided to you by your Intermediary.

DATED at Vancouver, British Columbia, this 13<sup>th</sup> day of November, 2017.

By Order of the Board of Directors

*“Nick DeMare”*

Nick DeMare,  
Director and Corporate Secretary

## **SALAZAR RESOURCES LIMITED**

#1305 - 1090 West Georgia Street  
Vancouver, British Columbia V6E 3V7

### **MANAGEMENT INFORMATION CIRCULAR**

(Containing information as at November 13, 2017, unless otherwise stated)

#### **SOLICITATION OF PROXIES**

This management information circular (“**Information Circular**”) is furnished in connection with the solicitation of proxies by the management of Salazar Resources Limited (the “**Company**”) for use at the Annual General Meeting of Shareholders of the Company (and any adjournment thereof) to be held on December 19, 2017 (the “**Meeting**”) at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors, officers and regular employees of the Company at nominal cost. All costs of solicitation by management will be borne by the Company.

The contents and the sending of this Information Circular have been approved by the directors of the Company.

#### **APPOINTMENT OF PROXYHOLDER**

The individuals named in the accompanying form of proxy are directors and/or officers (“**Management’s Nominees**”) of the Company. **A SHAREHOLDER WISHING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING HAS THE RIGHT TO DO SO, EITHER BY STRIKING OUT THE NAMES OF THOSE PERSONS NAMED IN THE ACCOMPANYING FORM OF PROXY AND INSERTING THE DESIRED PERSON’S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY. A proxy will not be valid unless the completed form of proxy is received by Computershare Investor Services Inc. (the “Transfer Agent”), Proxy Department, 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the Meeting, or any adjournment thereof. Proxies delivered after that time will not be accepted.**

#### **REVOCATION OF PROXIES**

A shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by his attorney duly authorized in writing or, where the shareholder is a company, by a duly authorized officer or attorney of the company, and delivered to the head office of the Company located at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7 (Attention: Corporate Secretary), at any time up to and including the last business day preceding the day of the Meeting, or if adjourned, any reconvening thereof, or to the Chairman of the Meeting on the day of the Meeting or, if adjourned, any reconvening thereof or in any other manner provided by law. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

#### **INFORMATION FOR NON-REGISTERED SHAREHOLDERS**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are “non-registered” shareholders because the common shares of the Company (“Common Shares”) they own are not registered in their names but are instead registered in the names of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their Common Shares in their own name (referred to herein as “Beneficial Shareholders”) should note that only registered shareholders may vote at the Meeting.** If Common Shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those Common Shares will not be registered in such shareholder’s name on the records of the Company. Such Common Shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which company acts as nominee for many Canadian brokerage firms). Common Shares held by brokers (or their agents or nominees) on behalf

of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided by the Company to the registered shareholders. However, its purpose is limited to instructing the registered shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Common Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Common Shares must be communicated to Broadridge) well in advance of the Meeting in order to have the Common Shares voted.**

This Information Circular and accompanying materials are being sent to both registered shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**OBOs**") and those who do not object to their identity being made known to the issuers of the securities they own ("**NOBOs**"). Subject to the provision of National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") issuers may request and obtain a list of their NOBOs from intermediaries via their transfer agents. Pursuant to NI 54-101, issuers may obtain and use the NOBO list for distribution of proxy-related materials directly (not via Broadridge) to such NOBOs. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Common Shares on your behalf.

The Company's OBOs can expect to be contacted by Broadridge or their brokers or their broker's agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should enter their own names in the blank space on the proxy provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

All references to shareholders in this Information Circular and the accompanying form of Proxy and Notice of Annual and Special Meeting are to shareholders of record unless specifically stated otherwise.

## **VOTING OF PROXIES**

The shares represented by a properly executed proxy in favour of Management's Nominees as proxyholders in the accompanying form of proxy will:

- (a) be voted or withheld from voting in accordance with the instructions of the person appointing the proxyholder on any ballot that may be taken; and
- (b) where a choice with respect to any matter to be acted upon has been specified in the form of proxy, be voted in accordance with the specification made in such proxy.

ON A POLL, SUCH SHARES WILL BE VOTED AS DIRECTED BY MANAGEMENT OF THE COMPANY FOR EACH MATTER FOR WHICH NO CHOICE HAS BEEN SPECIFIED, OR WHERE BOTH CHOICES HAVE BEEN SPECIFIED, BY THE SHAREHOLDER.

The enclosed form of proxy when properly completed and delivered and not revoked confers discretionary authority upon the person appointed proxy thereunder to vote with respect to amendments or variations of matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If any amendments or variations to matters identified in the Notice of Meeting are properly brought before the Meeting or any further or other business is properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on such matters or business. At the time of the printing of this Information Circular, the management of the Company knows of no such amendment, variation or other matter that may be presented to the Meeting.

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

Except as disclosed herein, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon other than the election of directors or the appointment of auditors. Directors and senior officers may, however, be interested in the general authorization granted to the directors with respect to stock options to insiders as detailed herein.

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

The authorized capital of the Company consists of an unlimited number of Common Shares without par value. As at November 13, 2017 (the “**Record Date**”), the Company had 114,153,606 Common Shares issued and outstanding.

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 shares voted at the Meeting.

On a show of hands, every individual who is present and is entitled to vote as a shareholder or as a representative of one or more corporate shareholders will have one vote, and on a poll every shareholder present in person or represented by a proxy and every person who is a representative of one or more corporate shareholders, will have one vote for each Common Share registered in that shareholder’s name on the list of shareholders as at the Record Date, which is available for inspection during normal business hours at the Transfer Agent and will be available at the Meeting. **Shareholders represented by proxy holders are not entitled to vote on a show of hands.**

To the knowledge of the directors and senior officers of the Company, the following are the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Company as of the close of business on November 13, 2017:

<b><u>Name</u></b>	<b><u>Number of Shares</u></b>	<b><u>Percentage</u></b>
Fredy Enrique Salazar <sup>(1)</sup>	25,290,906	22.15%
Resource Capital Fund VI L.P. <sup>(2)</sup>	17,229,566	15.09%

NOTES:

- (1) Mr. Salazar is the President & Chief Executive Officer of the Company.
- (2) Resource Capital Fund VI L.P. is part of Resource Capital Funds, a group of commonly managed private equity funds with a mining sector specific investment mandate spanning all hard mineral commodities and geographic regions.

**ELECTION OF DIRECTORS**

The board of directors (the "**Board**") presently consists of five (5) directors and shareholders will be asked at the Meeting to fix the number of directors at six (6) for the ensuing year. It is proposed that six directors be elected for the ensuing year.

The term of office of each of the present directors expires at the Meeting. The persons named below will be presented for election at the Meeting as management's nominees and the persons named by management as proxyholders in the accompanying form of proxy intend to vote for the election of these nominees. Management does not contemplate that any of these nominees 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 "**BCBCA**").

The following table and notes thereto set out the name of each of management's nominees for election as a director, the province and country in which he is ordinarily resident, all offices of the Company now held by him, his principal occupation, the period of time he has been a director of the Company, and the number of shares of the Company beneficially owned by him, directly or indirectly, or over which he exercises control or direction, as at the date hereof.

<b>Name, Position and Province and Country of Residence<sup>(1)</sup></b>	<b>Principal Occupation and, if not at present an elected Director, Occupation during the past five years<sup>(1)</sup></b>	<b>Director Since</b>	<b>No. of Shares beneficially held<sup>(2)</sup></b>
<b>FREDY E. SALAZAR</b> President, Chief Executive Officer & Director Quito, Ecuador	Geologist, principal of Salazar Resources since March 8, 2007. Prior thereto, principal of Congeminpa Ltda, an environmental consulting company from 2001.	Mar. 8/07	25,290,906 <sup>(3)</sup>
<b>PABLO ACOSTA</b> Chief Financial Officer and Director Quito, Ecuador	Certified Public Accountant in Ecuador. CFO of Salazar Resources since March 8, 2007 and has been a director of several private companies in Ecuador since 1985.	Mar. 8/07	1,420,863
<b>NICK DEMARE<sup>(4)</sup></b> Secretary and Director Burnaby, British Columbia	Chartered Professional Accountant; principal of Chase Management Ltd. since 1991 and is a director and/or officer of several publicly listed companies since 1986.	Jun. 6/88	4,788,767 <sup>(5)</sup>
<b>ETIENNE WALTER<sup>(4)</sup></b> Director Burnaby, British Columbia	Honorary Consul General of the Republic of Ecuador with jurisdiction over the Provinces of Alberta and B.C., the Northwest Territories and the Yukon Territory.	Mar. 8/07	291,433
<b>JUAN CARLOS ORTIZ</b> Director Lima, Peru	Chief Operating Officer at Volcan Compania Minera SAA, a Peruvian based polymetallic miner with 7 ongoing underground mining operations. Since November 2017 Glencore became a controlling shareholder of Volcan Compania Minera SAA.	Jun. 13/13	Nil

Name, Position and Province and Country of Residence <sup>(1)</sup>	Principal Occupation and, if not at present an elected Director, Occupation during the past five years <sup>(1)</sup>	Director Since	No. of Shares beneficially held <sup>(2)</sup>
<b>JENNIFER WU</b> Nominee Washington State, U.S.A.	Certified Financial Analyst. Since 2011, Ms. Wu has been working in investment banking, specializing in the metals and mining sector with the focus on Chinese strategic investments on mining projects. Ms. Wu has a B.S. in information management from Renmin University of China and a M.B.A. from Wake Forest University.	N/A	34,000

NOTES:

- (1) The information as to province or state and country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (2) The information as to shares beneficially owned or over which a director exercises control or direction, not being within the knowledge of the Company, has been furnished by the respective directors individually.
- (3) Of these shares, 5,045,183 are held by Amlatminas S.A., a private Ecuadorian company controlled by Mr. Salazar.
- (4) Denotes member of Audit Committee.
- (5) Of these shares, 3,019,417 are held through 888 Capital Corp., a private company 50% owned by Mr. DeMare; 1,298,700 are held through Chase Management Ltd. and 425,650 are held through DNG Capital Corp., private companies wholly owned by Mr. DeMare.

**Corporate Cease Trade Orders or Bankruptcies**

Other than as disclosed below, none of the proposed directors of the Company or any of their personal holding companies:

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

- (c) has, within the 10 years before the date of this Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

None of the proposed directors or any of their personal holding companies 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.

On September 10, 2010, the British Columbia Securities Commission (“**BCSC**”) issued a cease trade order against the Company for failing to file a technical report pursuant to National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) on its Curipamba project in Ecuador supporting its disclosure concerning mineral resource estimates on a news release dated February 25, 2009. The Company filed a new technical report and the cease trade order was revoked by the BCSC on October 14, 2010 and its shares resumed trading on October 18, 2010.

#### **STATEMENT OF EXECUTIVE COMPENSATION**

The following disclosure regarding executive compensation is provided pursuant to National Instrument 51-102 Continuous Disclosure and in accordance with Form 51-102F6V for venture issuers.

#### **General**

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

- (a) any individual who acted as chief executive officer (“**CEO**”) of the company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (b) any individual who acted as chief financial officer (“**CFO**”) of the company, or acted in a similar capacity, for any part of the most recently completed financial year;
- (c) each of the three most highly compensated executive officers of the company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6), for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company or its subsidiaries, nor acting in a similar capacity, at the end of that financial year.

During the financial year ended December 31, 2016, the Company had two NEOs: Fredy Salazar, President and CEO, and Pablo Acosta, CFO.

#### **Director and NEO Compensation, Excluding Options and Compensation Securities**

The following table of compensation, excluding options and compensation securities, provides a summary of the compensation paid by the Company to each NEO and director of the Company, current or former, for the completed financial years ended December 31, 2016 and 2015. Options and compensation securities are disclosed under the heading “*Stock Options and Other Compensation Securities and Instruments*” below.



Table of Compensation, Excluding Compensation Securities							
Name and position	Year <sup>(1)</sup>	Salary, consulting fee, retainer or commission (\$) <sup>(2)</sup>	Bonus (\$) <sup>(2)</sup>	Committee or meeting fees (\$) <sup>(2)</sup>	Value of perquisites (\$) <sup>(2)</sup>	Value of all other compensation (\$) <sup>(2)</sup>	Total compensation (\$) <sup>(2)</sup>
Fredy Salazar President, CEO and Director	2016	150,723	-	-	-	2,241	152,964
	2015	168,162	-	-	-	2,162	170,324
Pablo Acosta CFO and Director	2016	14,156	-	-	-	2,241	16,397
	2015	8,526	-	-	-	2,162	10,688
Nick DeMare Corporate Secretary and Director	2016	50,078	-	-	-	46,209 <sup>(3)</sup>	96,287
	2015	76,729	-	-	-	24,100 <sup>(3)</sup>	100,829
Etienne Walter Director	2016	8,247	-	-	-	-	8,247
	2015	30,691	-	-	-	-	30,691
Juan Carlos Ortiz Director	2016	-	-	-	-	-	-
	2015	-	-	-	-	-	-
Thomas Kelly <sup>(4)</sup> Former Director	2016	-	-	-	-	-	-
	2015	-	-	-	-	-	-
Jorge Roca Arteta <sup>(4)</sup> Former Director	2016	-	-	-	-	-	-
	2015	-	-	-	-	-	-
Graeme Robinson <sup>(5)</sup> Former Director	2016	6,185	-	-	-	-	6,185
	2015	23,018	-	-	-	-	23,018

NOTES:

- (1) Financial years ended December 31.
- (2) All amounts shown were paid in Canadian currency, the reporting currency of the Company.
- (3) Paid to Chase Management Ltd. (“Chase”), a private corporation owned by Mr. DeMare, for accounting and administration services performed by Chase personnel, excluding Mr. DeMare.
- (4) Messrs. Kelly and Roca served as directors from August 2, 2016 to June 30, 2017.
- (5) Mr. Robinson resigned as director on May 10, 2016.

**Stock Options and Other Compensation Securities and Instruments**

The following table of compensation securities provides a summary of all compensation securities granted or issued by the Company to each NEO and director of the Company, current or former, for the financial year ended December 31, 2016, for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries:

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$) <sup>(1)</sup>	Expiry Date
Fredy Salazar	Stock Options	1,300,000	Dec 01/16	0.14	0.14	0.30	Dec 01/21
Pablo Acosta	Stock Options	900,000	Dec 01/16	0.14	0.14	0.30	Dec 01/21

Compensation Securities							
Name and Position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$) <sup>(1)</sup>	Expiry Date
Nick DeMare	Stock Options	900,000 <sup>(2)</sup>	Dec 01/16	0.14	0.14	0.30	Dec 01/21
Etienne Walter	Stock Options	600,000	Dec 01/16	0.14	0.14	0.30	Dec 01/21
Juan Carlos Ortiz	Stock Options	600,000	Dec 01/16	0.14	0.14	0.30	Dec 01/21
Thomas Kelly	Stock Options	600,000 <sup>(3)</sup>	Dec 01/16	0.14	0.14	0.30	Dec 01/21
Jorge Roca Arteta	Stock Options	600,000 <sup>(3)</sup>	Dec 01/16	0.14	0.14	0.30	Dec 01/21
Graeme Robinson <sup>(4)</sup>	N/A	-	-	-	-	-	-

NOTES:

- (1) Market value of the securities underlying the options on December 30, 2016, being the last trading day of the Company's shares for the financial year.
- (2) Includes 200,000 options granted to Chase.
- (3) Messrs. Kelly and Roca resigned as directors on June 30, 2017 and, accordingly, these options expired on October 31, 2017.
- (4) Mr. Robinson ceased to be a director on May 10, 2016 and was not granted any options on December 1, 2016.

The following table provides a summary of each exercise of compensation securities by each NEO and director of the Company for the financial year ended December 31, 2016:

Exercise of Compensation Securities							
Name	Type of compensation security	Number of underlying securities exercised	Exercise price per security (\$)	Date of exercise	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on exercise date (\$)
Fredy Salazar	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Pablo Acosta	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Nick DeMare	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Etienne Walter	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Juan Carlos Ortiz	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Thomas Kelly	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Jorge Roca Arteta	N/A	Nil	N/A	N/A	N/A	N/A	N/A
Graeme Robinson	N/A	Nil	N/A	N/A	N/A	N/A	N/A

**Stock Option Plans and Other Incentive Plans**

The Corporation has no other incentive plans other than its stock option plan (the "Option Plan"). The purpose of the Option Plan is to provide the Corporation with a share related mechanism to enable the Corporation to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees

and other service providers for their contribution toward the long term goals of the Corporation and to enable and encourage such individuals to acquire shares of the Corporation as long term investments.

For a description of the Option Plan, see “*Particulars of Other Matters to be Acted Upon – Ratification of Stock Option Plan*”.

### **Employment, Consulting and Management Agreements**

Management services are provided to the Company by Chase Management Ltd. (“**Chase**”) of Suite 1305, 1090 West Georgia Street, Vancouver, BC V6E 3V7 pursuant to an arrangement with the Company on a month-to-month basis. Chase is a corporation controlled by Nick DeMare, a director of the Company. During the year ended December 31, 2016, a total of \$96,287 was billed by Chase, as to \$46,209 in accounting, management, administration and rent, and \$50,078 for Mr. DeMare’s services. The amounts have been recorded at the exchange amounts agreed to by Chase and the Company.

### **Oversight and Description of Director and NEO Compensation**

#### *Compensation, Philosophy And Objectives*

The Board meets to discuss and determine management compensation, without reference to formal objectives, criteria or analysis. The general objectives of the Company’s compensation strategy are to (a) compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing long-term shareholder value; (b) align management’s interests with the long-term interests of shareholders; and (c) ensure that the total compensation package is designed in a manner that takes into account the constraints that the Company is under by virtue of the fact that it is a junior mineral exploration company without a history of earnings.

The Board, as a whole, ensures that total compensation paid to all Named Executive Officers (or NEOs), as hereinafter defined, is fair and reasonable. The Board as a whole recommends levels of executive compensation that are competitive, motivating and commensurate with the time spent by executive officers in meeting their obligations. While the Board does not have direct experience related to executive compensation, the Board relies on their experience as officers and directors with other junior mining companies in assessing compensation levels.

#### *Analysis Of Elements*

Base salary is used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company considers the granting of incentive stock options to be a significant component of executive compensation as it allows the Company to reward each NEO’s efforts to increase value for shareholders without requiring the Company to use cash from its treasury. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. The terms and conditions of the Company’s stock option grants, including vesting provisions and exercise prices, are governed by the terms of the Company’s Option Plan. A description of the significant terms of the Option Plan is found under the heading “Stock Option Plans and Other Incentive Plans”.

The Company does not determine executive compensation based on the share price performance. Overall the salaries or consulting fees payable to the NEOs, in particular to the Company’s CEO, have had a minor upward trend in order to provide competitive levels of compensation necessary to attract and maintain executive talent.

The Board has considered the implications of the risks associated with the Company's compensation practices. The Board acknowledges that the Company, as a junior natural resource company, does not presently generate any revenues, and that all management compensation to date has been derived solely from cash in the Company's treasury, acquired by way of equity financings to date, and the grant of incentive stock options to directors, management, contractors and employees. Salary compensation to the Named Executive Officers is provided for under verbal understandings or written consulting agreements with the Named Executive Officers or management companies under their control. Upon

the occurrence of certain events, the Company's early termination of these contracts may also trigger additional balloon payments, which could adversely impact the Company's working capital.

#### *Option-based Awards*

The Company has no long-term incentive plans other than the Option Plan. The Company's directors, employees, officers and certain consultants are entitled to participate in the Option Plan. The Option Plan is designed to encourage share ownership and entrepreneurship on the part of the senior management and other employees. The Board believes that the Option Plan aligns the interests of the NEOs and the Board with shareholders by linking a component of executive compensation to the longer term performance of the Company's common shares.

Options are granted by the Board. In monitoring or adjusting the option allotments, the Board takes into account its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value, previous option grants and the objectives set for the NEOs and the Board. The scale of options is generally commensurate to the appropriate level of base compensation for each level of responsibility.

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

- parties who are entitled to participate in the Option Plan;
- the exercise price for each stock option granted, subject to the provision that the exercise price cannot be lower than the prescribed discount permitted by the TSX Venture Exchange (the "**Exchange**") from the market price on the date of grant;
- the date on which each option is granted;
- the vesting period, if any, for each stock option;
- the other material terms and conditions of each stock option grant; and
- any re-pricing or amendment to a stock option grant.

The Board makes these determinations subject to and in accordance with the provisions of the Option Plan. The Board reviews and approves grants of options on an annual basis and periodically during a financial year.

There is no restriction on NEOs or Directors regarding the purchase of financial instruments, including prepaid variable forward contracts, equity swaps, collars or units or exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by the NEO or Director for the financial year ended December 31, 2016.

No NEO or Director, directly or indirectly, purchased any financial instruments or employed a strategy to hedge or offset a decrease in market value of equity securities granted as compensation or held.

#### **Pension**

The Company does not have any form of pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement. The Company does not have any form of deferred compensation plan.

#### **SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS**

The following table provides information regarding compensation plans under which securities of the Company are authorized for issuance to directors, officers, employees and consultants in effect as of the end of the Company's most recently completed fiscal year end:

Plan Category	Column (a) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Column (b) Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Column (c) Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) <sup>(1)</sup>
Equity Compensation Plans Approved By Securityholders	7,900,000	N/A	3,515,360 <sup>(1)</sup>
Equity Compensation Plans Not Approved By Securityholders	N/A	N/A	N/A
Total	7,900,000	N/A	3,515,360 <sup>(1)</sup>

NOTE:

- (1) Based upon the Company having 114,153,606 common shares issued and outstanding as at December 31, 2016. The Company currently has in place a "rolling" stock option plan whereby the maximum number of common shares that may be reserved for issuance pursuant to the such plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant. See "*Particulars of Other Matters to be Acted Upon – Ratification of Stock Option Plan*" for further particulars of the stock option plan.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of November 13, 2017, the date of this Information Circular, no director, executive officer, employee, proposed management nominee for election as a director of the Company, nor any associate of any such director, executive officer, or proposed management nominee of the Company, or any former director, executive officer or employee of the Company or any of its subsidiaries, was indebted to the Company or any of its subsidiaries, or indebted to another entity where such indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed below, none of the proposed directors, directors or executive officers of the Company, a director or executive officer of a person or company that is itself an informed person (as defined in National Instrument 51-102 *Continuous Disclosure Obligations*) or subsidiary of the Company, nor any person or company who beneficially owns, or controls or directs, directly or indirectly, Common Shares or a combination of both, carrying more than 10% of the voting rights attached to the outstanding Common Shares nor an associate or affiliate of any of the foregoing persons has since January 1, 2016 (being the commencement of the Company's last completed financial year) any material interest, direct or indirect, in any transactions which materially affected or would materially affect the Company or any of its subsidiaries.

The Company had received ongoing advances from DNG Capital Corp., a private corporation controlled by Mr. DeMare. The advances bore interest at 10% per annum. During the financial year ended December 2016 the Company recorded interest expense of US\$2,247, repaid the principal balance of US\$100,000 and settled accrued interest of \$18,081.

The Company had received ongoing advances from Sesmo S.A., a private corporation controlled by family members of Mr. Salazar. The advances bore interest at a rate of 10% per annum. During the financial year ended December 31, 2016 the Company settled the principal balance of US\$169,387 and accrued interest of US\$38,765.

The Company had received ongoing advances from 888 Capital Corp., a private corporation 50% owned by Mr. DeMare. The advances bore interest at a rate of 10% per annum. During the financial year ended December 31, 2016 the Company recorded \$3,370 interest expense and settled the principal of \$150,000 and accrued interest of \$30,973.

The Company had received ongoing advances from Amlatminas S.A. ("**Amlatminas**"), a private corporation controlled by Mr. Salazar and Mr. Acosta. The advances bore interest at a rate of 10% per annum. During the financial year

ended December 31, 2016 the Company recorded interest expense of \$23,189, settled the principal balance of US\$209,899 and accrued interest of US\$23,189.

The Company has received advances from Mr. Fredy Salazar. The advances bear interest at a rate of 10% per annum. During the financial year ended December 31, 2016 the Company recorded interest expense of US\$5,162 and settled the US\$59,948 principal balance and US\$5,162 accrued interest payable.

During the financial year ended December 31, 2016 the Company incurred \$42,564 for geological services provided by Amlatminas on the Santiago Concession.

During the financial year ended December 31, 2016 the Company recorded \$71,943 as other income from the rental of one of its drill rigs to Trust Drilling Servicios S.A., a private Ecuadorian company, the shareholders of which include a former employee of the Company and the son of Mr. Salazar.

### **APPOINTMENT OF AUDITOR**

Unless such authority is withheld, the persons named in the accompanying proxy intend to vote for the appointment of D&H Group LLP, Chartered Professional Accountants, as the auditor of the Company and to authorize the directors to fix their remuneration.

### **AUDIT COMMITTEE**

Under National Instrument 52-110 – *Audit Committees* (“**NI 52-110**”), companies are required to provide disclosure with respect to their audit committee, including the text of the audit committee’s charter, the composition of the audit committee and the fees paid to the external auditor.

#### **Audit Committee Charter**

The Company has adopted a Charter of the Audit Committee of the Board of Directors, the text of which is set out in the attached Schedule “A” to this Information Circular.

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

Following the election of the directors pursuant to this Information Circular, it is intended that the following will be the members of the Audit Committee:

Nick DeMare	Not Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Etienne Walter	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Jennifer Wu	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

#### **NOTES:**

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company that could, in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

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

Mr. Nick DeMare is a Chartered Professional Accountant and has been the President of Chase Management Ltd. since 1991. Chase is a private company which provides accounting, management, securities regulatory compliance and corporate secretarial services to companies listed on the Toronto and Venture Exchanges and their predecessors. He also serves as an officer and/or director of a number of public companies listed on the Toronto and Venture Exchanges. He holds a Bachelor of Commerce degree from the University of British Columbia and is a member in good standing with the Institute of Chartered Accountants of British Columbia.

Mr. Etienne Walter has been an Honorary Consul General of Republic of Ecuador with jurisdiction over the Provinces of Alberta and British Columbia, the Northwest Territories and Yukon Territory since December 1993 and has been recognized by the Canadian Government since March 17, 1994. Mr. Walter has worked with many public and private corporations, consulting on matters of international relations and trade, particularly in the resource and energy fields, throughout South America. He has also served as a director of other public and private companies.

Ms. Jennifer Wu is a Certified Financial Analyst with 20 years of diverse experience in metals & mining financing, risk management, and business planning & development. Ms. Wu has a B.S. in information management from Renmin University of China and a M.B.A. from Wake Forest University. Ms. Wu worked with JP Morgan Chase and Citigroup for 11 years where she rose to Senior Vice-President in risk management. Since 2011, Ms. Wu has specialized in metals & mining investments by Chinese private and state-owned-enterprises and investment funds.

As such, each proposed member of the audit committee has acquired knowledge and understanding of the financial issues and accounting principles that are relevant in assessing this Company's financial disclosures and internal control systems.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### **Reliance on Certain Exemptions**

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), the exemptions in Subsection 6.1.1(4) (Circumstances Affecting the Business or Operations of the Venture Issuer), Subsection 6.1.1(5) (Events Outside Control of Member), Subsection 6.1.1(6) (Death, Incapacity or Resignation) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

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

The Committee is required to review the performance of the Company's external auditors and to approve in advance provision of services other than auditing. The Committee is also required to consider the independence of the external auditors, including reviewing the range of services provided in the context of all consulting services bought by the Company. The Committee is authorized to approve any non-audit services or additional work that the Chairman deems necessary. In such a case, the Chairman of the Committee is to notify the other members of the Committee of such non-audit or additional work.

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

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees<sup>(1)</sup></b>	<b>Audit Related Fees<sup>(2)</sup></b>	<b>Tax Fees<sup>(3)</sup></b>	<b>All Other Fees<sup>(4)</sup></b>
2016	\$50,000	Nil	Nil	Nil
2015	\$39,780	Nil	Nil	Nil

#### **NOTES:**

- (1) The aggregate audit fees billed.
- (2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or the review of the Company's financial statements are not included under the heading of "Audit Fees".
- (3) The aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning, as well as the preparation of corporate income 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".

## **Exemption**

The Company is currently a “Venture Issuer”, as defined in Section 1.1 of NI 52-110. Accordingly, in providing the disclosure contained in this section titled “Audit Committee”, the Company is relying upon the exemption in Section 6.1 of NI 52-110 (which is available to all Venture Issuers).

## **CORPORATE GOVERNANCE PRACTICE**

National Instrument 58-101, *Disclosure of Corporate Governance Practices* (“**NI 58-101**”) requires issuers to disclose their governance practices in accordance with that instrument. The Company is a “venture issuer” within the meaning of NI 58-101.

The Board has adopted certain corporate governance policies to reflect the Company’s commitment to good corporate governance, and to comply with NI 58-101, Form 58-101F2 - *Corporate Governance Disclosure (Venture Issuers)* and National Policy 58-201 - *Corporate Governance Guidelines*. The Board periodically reviews these policies and proposes modifications to the Board for consideration as appropriate. The Company considers good corporate governance to be central to the effective and efficient management and operation of the Company, and the Board is directly responsible for developing the Company’s approach to corporate governance issues. A discussion of the Company’s governance practices within the context of NI 58-101 is set out below.

### **Statement of Corporate Governance Practices**

Corporate governance relates to the activities of the board of directors of the Company (the “Board”), the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Company. The Board is committed to sound corporate governance practices which are both in the interest of its shareholders and contribute to effective and efficient decision making. National Policy 58-201 *Corporate Governance Guidelines* establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines. In certain cases, the Company’s practices comply with the guidelines, however, the Board considers that some of the guidelines are not suitable for the Company at its current stage of development and therefore these guidelines have not been adopted. National Instrument 58-101 *Disclosure of Corporate Governance Practices* mandates disclosure of corporate governance practices for Venture Issuers in Form 58-101F2, which disclosure is set out below.

### **Board of Directors**

#### *Structure and Compensation*

The Board is currently composed of five (5) directors. Five of the proposed nominees for election as director at the Meeting are current directors of the Company. Management intends to nominate an additional director for election at the Meeting.

Form 58-101F1 suggests that the board of directors of every listed corporation should be constituted with a majority of individuals who qualify as “independent” directors under National Instrument 52-110 (“NI 52-110”), which provides that a director is independent if he or she has no direct or indirect “material relationship” with the Company. “Material relationship” is defined as a relationship which could, in the view of the Company’s board of directors, be reasonably expected to interfere with the exercise of a director’s independent judgment. Of the proposed nominees, two (2), Fredy Salazar, President and Chief Executive Officer and Pablo Acosta, Chief Financial Officer are “inside” or management directors and accordingly are considered not “independent”. Nick DeMare, Etienne Walter and Juan Carlos Ortiz are considered by the Board to be “independent”, within the meaning of NI 52-110.

In assessing Form 58-101F2 and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

The Board does not currently have a Chair. The independent directors exercise their responsibilities for independent oversight of management, and are provided with leadership through their position on the Board and ability to meet independently of management whenever deemed necessary.



The quantity and quality of the Board compensation is reviewed on an annual basis. At present, the Board is satisfied that the current Board compensation arrangements, which currently only includes incentive stock options, adequately reflect the responsibilities and risks involved in being an effective director of the Company. The number of options to be granted is determined by the Board as a whole, thereby providing the independent directors with significant input into compensation decisions. At this time the Company does not believe its size and limited scope of operations requires a formal compensation committee.

### Directorships

As of the date of this information circular, certain directors of the Company are also serving as directors of other reporting issuers, details of which are as follows:

<u>Director</u>	<u>Other Reporting Issuer</u>
Fredy Salazar	N/A
Pablo Acosta	N/A
Nick DeMare	Aguila American Gold Limited, Argentina Lithium & Energy Corp., Cliffmont Resources Ltd., East West Petroleum Corp., GGL Resources Corp., Global Daily Fantasy Sports Inc., Hannan Metals Ltd., Hansa Resources Limited, Kingsmen Resources Ltd., Leading Edge Materials Corp., Mawson Resources Limited, Mirasol Resources Ltd., Rochester Resources Ltd., Rockshield Capital Corp., Seaway Energy Services Inc. and Tinka Resources Limited
Etienne Walter	N/A
Juan Carlos Ortiz	N/A

### Mandate of the Board

The mandate of the Board is to manage or supervise the management of the business and affairs of the Company and to act with a view to the best interests of the Company. In doing so, the Board oversees the management of the Company's affairs directly and through the Audit Committee. In fulfilling its mandate, the Board, among other matters, is responsible for reviewing and approving the Company's overall business strategies and its annual business plan, reviewing and approving the annual corporate budget and forecast, reviewing and approving significant capital investments outside the approved budget; reviewing major strategic initiatives to ensure that the Company's proposed actions accord with shareholder objectives; reviewing succession planning; assessing management's performance against approved business plans and industry standards; reviewing and approving the reports and other disclosure issued to shareholders; ensuring the effective operation of the Board; and safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources. The Board also takes responsibility for identifying the principal risks of the Company's business and for ensuring these risks are effectively monitored and mitigated to the extent reasonably practicable. At this stage of the Company's development, the Board does not believe it is necessary to adopt a written mandate, as sufficient guidance is found in the applicable corporate legislation and regulatory policies. However, as the Company grows, the Board will move to develop a formal written mandate.

In keeping with its overall responsibility for the stewardship of the Company, the Board is responsible for the integrity of the Company's internal control and management information systems and for the Company's policies respecting corporate disclosure and communications.

Each member of the Board understands that he is entitled to seek the advice of an independent expert if he reasonably considers it warranted under the circumstances.

The positions of President and Chief Executive Officer are combined. The Board believes the Company is well serviced and the independence of the Board from management is not compromised by the combined role. The Board does not, and does not consider it necessary to, have any formal structures or procedures in place to ensure that the Board can function independently of management. The Board believes that its current composition, in which only two (2) of five (5) are members of management, is sufficient to ensure that the Board can function independently of management.

## **Nomination and Assessment**

The Board determines new nominees to the Board, although a formal process has not been adopted. The nominees are generally the result of recruitment efforts by the Board members, including both formal and informal discussions among Board members and the President and Chief Executive Officer. The Board monitors but does not formally assess the performance of individual Board members or committee members or their contributions.

The Board does not, at present, have a formal process in place for assessing the effectiveness of the Board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant. Based on the Company's size, its stage of development and the limited number of individuals on the Board, the Board considers a formal assessment process to be inappropriate at this time. The Board plans to continue evaluating its own effectiveness on an ad hoc basis. The current size of the Board is such that the entire Board takes responsibility for selecting new directors and assessing current directors. Proposed directors' credentials are reviewed in advance of a Board Meeting with one or more members of the Board prior to the proposed director's nomination.

New directors are briefed on strategic plans, short, medium and long term corporate objectives, business risks and mitigation strategies, corporate governance guidelines and existing corporation policies. However, there is no formal orientation for new members of the Board, and this is considered to be appropriate, given the Company's size and current limited operations.

The skills and knowledge of the Board of Directors as a whole is such that no formal continuing education process is currently deemed required. The Board is comprised of individuals with varying backgrounds, who have, both collectively and individually, extensive experience in running and managing public companies in the natural resource sector. 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. Board members have full access to the Company's records. Reference is made to the table under the heading "Election of Directors" in the Information Circular for a description of the current principal occupations of the Company's Board.

## **Expectations of Management and Ethical Business Conduct**

The Board expects management to operate the business of the Company in a manner that enhances shareholder value and is consistent with the highest level of integrity. Management is expected to execute the Company's business plan and to meet performance goals and objectives. To date, the Board has not adopted a formal written Code of Business Conduct and Ethics. However, the current limited size of the Company's operations and the small number of officers and employees allow the independent members of the Board to monitor on an ongoing basis the activities of management and to ensure that the highest standard of ethical conduct is maintained. As the Company grows in size and scope, the Board anticipates that it will formulate and implement a formal Code of Business Conduct and Ethics.

## **Committee Responsibilities and Activities**

Committees of the Board are an integral part of the Company's governance structure. At the present time, the only standing committee is the Audit Committee. Disclosure with respect to the Audit Committee, as required by NI 52-110 – Audit Committee, is contained in Schedule "A" to this Information Circular. As the Company grows, and its operations and management structure become more complex, the Board will likely find it appropriate to constitute formal standing committees, such as a Corporate Governance Committee, Compensation Committee and Nominating Committee, and to ensure that such committees are governed by written charters and are composed of at least a majority of independent directors.

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

### **Ratification of Stock Option Plan**

In June 2004 the Company established a 10% rolling stock option plan (the "**Option Plan**") whereby the maximum number of common shares that may be reserved for issuance pursuant to such plan will not exceed 10% of the issued shares of the Company at the time of the stock option grant. In 2014, the Option Plan was amended and reinstated in order to bring it up to date with current policies of the Exchange. The Option Plan was subsequently ratified and

approved by the Shareholders at each annual general meeting held since 2014. In accordance with the policies of the Exchange, a rolling plan requires the approval of the shareholders of the Company on an annual basis.

The purpose of the Option Plan is to provide the Company with a share related mechanism to enable the Company to attract, retain and motivate qualified directors, officers, employees and other service providers, to reward directors, officers, employees and other service providers for their contribution toward the long term goals of the Company and to enable and encourage such individuals to acquire shares of the Company as long term investments.

The following information is intended to be a brief description of the Option Plan and is qualified in its entirety by the full text of the Option Plan which is available for review by any Shareholder up until the day preceding the Meeting at the Company's head office at Suite 1305, 1090 West Georgia Street, Vancouver, British Columbia, and will be available at the Meeting:

- (a) To be eligible for the issuance of a stock option under the Option Plan an optionee must either be a director, employee (including an officer) or consultant of the Company or any subsidiary of the Company or a company owned by an employee, director or consultant at the time the option is granted. Options may be granted only to an individual or to a company that is owned by individuals eligible for an option grant.
- (b) The options granted pursuant to the Option Plan will be exercisable at a price which is not lower than the market value of the Company's Shares at the time the option is granted less any applicable discounts permitted by the applicable regulatory authorities. "Market Value" will be the closing trading price of the Company's Shares on the Exchange or such other stock exchange upon which the common shares are listed on the trading day immediately preceding the date of the grant of the option.
- (c) Options granted under the Option Plan will be granted for a term not to exceed ten years from the date of their grant. All options will terminate on the earlier of the expiry of their term and the date of termination of an option holder's employment, engagement or position with the Company if terminated for just cause or on other bases as set out in the Option Plan, otherwise 90 days following termination of employment or cessation of the option holder's position with the Company.
- (d) The Company's Board may, at their discretion, impose vesting provisions on Options granted under the Option Plan. Notwithstanding any vesting schedule to which Options are subject, Options shall cease to vest immediately if the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated for any reason whatsoever. In which case, the Option Holder may only exercise such number of Options that are vested as at the date of termination of such Option Holder's employment, engagement or appointment as a director or officer.
- (e) Options will also be non-assignable and non-transferable; provided that they will be exercisable by an option holder's legal heirs or personal representatives, subject to the expiry date of such option, for up to 12 months following the death or termination of an option holder due to disability, and up to 12 months following the death of an option holder terminated for disability within the previous 12 months.
- (f) The number of common shares of the Company reserved for issuance to any one person on a yearly basis cannot exceed 5% of the number of issued and outstanding common shares of the Company at the time of the grant of options, unless the Company has obtained disinterested shareholder approval as required by the Exchange. The aggregate number of options granted to employees or consultants engaged in investor relations activities must not exceed 2% of the outstanding issue in any 12 month period and such options must vest in stages over 12 months with no more than 25% of the options vesting in any three month period.
- (g) In the event that the expiration date of Options granted under the Option Plan falls in a period during which the Company has imposed a restriction on its directors, officers, employees and consultants from trading in securities of the Company, the expiry date of such Options will be extended for a period of time ending on the tenth business day after the expiry of the Black-Out to provide such Option Holders with an extension to the right to exercise such Options, so long as the expiry date does not exceed ten years from the date of grant of such Options.

- (h) If a material alteration in the capital structure of the Company occurs as a result of a consolidation, subdivision, conversion, exchange, reclassification or otherwise, the Board shall make adjustments to the Option Plan and to the options then outstanding under it as the Board determines to be appropriate and equitable under the circumstances, unless the Board determines that it is not practicable or feasible to do so, in which event the options granted under the Option Plan will terminate as set forth above.
- (i) The Board may amend the terms of the Option Plan or the terms and conditions of any option thereafter to be granted, subject to approval of any stock exchange on which the Company is listed, provided that where such amendment relates to an existing option and it would materially decrease the rights or benefits accruing to an option holder or materially increase the obligations of an option holder, then, unless otherwise excepted out by a provision of the Option Plan, the Board must also obtain the written consent of the option holder in question to such amendment. If at the time the exercise price of an option is reduced the option holder is an insider of the Company, the insider must not exercise the option at the reduced exercise price until the reduction in exercise price has been approved by the disinterested shareholders of the Company.

The Exchange policies require that the Option Plan be approved by the affirmative vote of a majority of the votes cast at the Meeting. Accordingly, the Company requests that the Shareholders pass the following resolution:

“RESOLVED, as an ordinary resolution of the shareholders of the Company, that:

1. the stock option plan (the “**Option Plan**”) of Salazar Resources Limited (the “**Company**”), in the form approved by the shareholder of the Company at the last annual general meeting of shareholders held on December 14, 2016, with or without amendments that may be required to conform to the policies of the TSX Venture Exchange or comply with rules and regulations of any other regulatory body having authority over the Company or the Option Plan, is hereby ratified, confirmed and approved;
2. the Company is authorized to grant stock options pursuant and subject to the terms and conditions of the Option Plan entitling all of the optionholders in aggregate to purchase up to such number of common shares of the Company as is equal to 10% of the number of common shares of the Company issued and outstanding on the applicable grant date; and
3. any one of the directors or officers of the Company be authorized and directed to perform all such acts, deeds and things and execute, under the seal of the Company or otherwise, all such documents and other writings, including treasury orders, stock exchange and securities commission forms, as may be required to give effect to the true intent of this resolution.”

An ordinary resolution is a resolution passed by a majority of at least 50% of the votes cast by those Shareholders, who being entitled to do so, vote in person or by proxy in respect of that resolution at the Meeting.

**Management of the Company recommends that the shareholders vote in favour of the Ratification of Stock Option Plan Resolution. It is the intention of persons named in the enclosed form of proxy, if not expressly directed otherwise in such form of proxy, to vote such proxy FOR the Stock Option Plan Resolution.**

#### **ANY OTHER MATTERS**

Management of the Company knows of no matters to come before the Meeting other than those referred to in the Notice of Meeting accompanying this Information Circular. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the form of proxy accompanying this Information Circular to vote the same in accordance with their best judgment of such matters.

**ADDITIONAL INFORMATION**

Additional information regarding the Company and its business activities is available on the Company's profile on SEDAR website located at [www.sedar.com](http://www.sedar.com). The Company's financial information is provided in the Company's audited 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 website noted above. Shareholders of the Company may request copies of the Company's financial statements and related management discussion and analysis by contacting the Company at:

Salazar Resources Limited  
#1305 – 1090 W. Georgia Street  
Vancouver, BC, V6E 3V7  
Tel: (604) 685-9316 | Fax: (604) 683-1585

Schedule "A"

**SALAZAR RESOURCES LIMITED**

**CHARTER OF THE AUDIT COMMITTEE  
OF THE BOARD OF DIRECTORS**

**Mandate**

The primary function of the audit committee (the "Committee") is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to:

- (i) Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- (ii) Review and appraise the performance of the Company's external auditors (the "Auditor").
- (iii) Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

**Composition**

The Committee shall be comprised of at least three directors. Each member must be a director of the Company. A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company. At least one member of the Committee shall be financially literate. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee Charter, the term "financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The members of the Committee shall be appointed by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership. The Chair shall be financially literate.

**Meetings**

Meetings of the Committee shall be scheduled to take place at regular intervals. Unless all members are present and waive notice, or those absent waive notice before or after a meeting, the Chairman will give Committee members 24 hours' advance notice of each meeting and the matters to be discussed at it. Notice may be given personally, by telephone, facsimile or email.

The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at any other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board of Directors or the shareholders of the Company.

At each meeting of the Committee, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company. A member may participate in a meeting of the Committee in person or by telephone if all members participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A member may participate in a meeting of the Committee by a communications medium other than telephone if all members participating in the meeting, whether in person or by

telephone or other communications medium, are able to communicate with each other and if all members who wish to participate in the meeting agree to such participation.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements.

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

### **Responsibilities and Duties**

To fulfill its responsibilities and duties, the Committee shall:

#### *Documents/Reports Review*

- (a) Review the Company's financial statements, including any certification, report, opinion, or review rendered by the Auditor, MD&A and any annual and interim earnings press releases before the Company publicly discloses this information.
- (b) Review and satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assess the adequacy of those procedures.

#### *External Auditors*

- (a) Be directly responsible for overseeing the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) engaged for the purpose of preparing or issuing an audit report or performing other audit or review services for the Company.
- (b) Require the Auditor to report directly to the Committee.
- (c) Review annually, the performance of the Auditor who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (d) Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor.
- (e) Take, or recommend that the Board of Directors take, appropriate action to oversee the independence of the Auditor.
- (f) Recommend to the Board of Directors the external auditor to be nominated at the annual general meeting for appointment as the Auditor for the ensuing year and the compensation for the Auditors, or, if applicable, the replacement of the Auditor.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.
- (h) Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
- (i) Review with management and the Auditor the audit plan for the year end financial statements.

- (j) Review and pre-approve all audit and audit related services and the fees and other compensation related thereto, and any non-audit services, provided by the Auditor. The pre-approval requirement is waived with respect to the provision of non-audit services if:
  - (i) the aggregate amount of all such non-audit services that were not pre-approved is reasonably expected to constitute not more than 5% of the total amount of fees paid by the Company and its subsidiary entities to the Auditor during the fiscal year in which the non-audit services are provided;
  - (ii) such services were not recognized by the Company at the time of the engagement to be non-audit services; and
  - (iii) such services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.

The Committee may delegate to one or more independent members of the Committee the authority to pre-approve non-audit services in satisfaction of the pre-approval requirement set out in this section provided the pre-approval of non-audit services by any member to whom authority has been delegated must be presented to the Committee at its first scheduled meeting following such pre-approval.

#### *Financial Reporting Processes*

- (a) In consultation with the Auditor, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the Auditor's judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the Auditor and management.
- (d) Review significant judgments made by management in the preparation of financial statements and the view of the Auditor as to the appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the Auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the Auditor in connection with the preparation of the financial statements.
- (g) Review with the Auditor and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Discuss with the Auditor the Auditor's perception of the Company's financial and accounting personnel, any material recommendations which the Auditor may have, the level of cooperation which the Auditor received during the course of their review and the adequacy of their access to records, data and other requested information.
- (i) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (j) Establish procedures for:
  - (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and



- (ii) the confidential, anonymous submission by the employees of the Company of concerns regarding questionable accounting or auditing matters.

*Other*

- (a) Perform such other duties as may be assigned to it by the Board of Directors from time to time or as may be required by applicable regulatory authorities or legislation.
- (b) Report regularly and on a timely basis to the Board of Directors on matters coming before the Committee.
- (c) Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board of Directors for approval.

**Authority**

The Committee is authorized to:

- (a) seek any information it requires from any employee of the Company in order to perform its duties;
- (b) engage, at the Company's expense, independent legal counsellors or other professional advisors on any matter within the scope of the role and duties of the Committee under this Charter;
- (c) set and pay the compensation for any advisors engaged by the Committee; and
- (d) communicate directly with the internal and external auditors of the Company.

This Charter supersedes and replaces all prior charters and other terms of reference pertaining to the Committee.