



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

FOR THE

**ANNUAL GENERAL MEETING OF SHAREHOLDERS**

TO BE HELD

**FRIDAY, SEPTEMBER 25, 2020  
10:00 A.M. (PACIFIC)  
SUITE 1305, 1090 WEST GEORGIA STREET  
VANCOUVER, BRITISH COLUMBIA**

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**COVID-19**

In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate the potential risks to the health and safety associated with COVID-19, shareholders are strongly encouraged to vote on the matters before the Meeting by proxy rather than attend the meeting in person. **Shareholders wishing to attend the Meeting in person must call the Company at 1.604.685.9316 at least 48 hours prior to the date of the Meeting for further instructions.**

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## 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 Friday, September 25, 2020 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, 2019, 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;
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; and
6. To consider and, if thought fit, to pass an ordinary resolution to approve the Company’s proposed restricted share unit 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.

**COVID-19 GUIDANCE: In light of ongoing concerns related to the spread of COVID-19, and in order to mitigate the potential risks to the health and safety associated with COVID-19, shareholders are strongly encouraged to vote on the matters before the Meeting by proxy rather than attend the meeting in person.**

DATED at Vancouver, British Columbia, this 18<sup>th</sup> day of August, 2020.

By Order of the Board of Directors

*“Nick DeMare”*

Nick DeMare, Director

## **SALAZAR RESOURCES LIMITED**

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

### **MANAGEMENT INFORMATION CIRCULAR**

(Containing information as at August 18, 2020, 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 September 25, 2020 (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.

#### **COVID-19**

In view of the current COVID-19 outbreak, the Company asks that, in considering whether to attend the Meeting in person, shareholders follow the instructions of the Public Health Agency of Canada at <https://www.canada.ca/en/public-health/services/diseases/2019-novel-coronavirus-infection/guidance-documents.html>. Shareholders are encouraged not to attend the Meeting in person if experiencing any of the described COVID-19 symptoms of fever, cough or difficulty breathing. The Company may take additional precautionary measures in relation to the Meeting in response to further developments in the COVID-19 outbreak. As always, the Company encourages shareholders to vote prior to the Meeting. Shareholders are encouraged to vote on the matters before the meeting by proxy. Shareholders wishing to attend the Meeting in person must call the Company at 1.604.685.9316 at least 48 hours prior to the date of the Meeting for further instructions.

#### **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.**

#### **REVOCAION 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, the appointment of auditors or the approval of the proposed restricted share unit plan. 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 August 18, 2020 (the "**Record Date**"), the Company had 126,887,790 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 August 18, 2020:

<u>Name</u>	<u>Number of Shares</u>	<u>Percentage</u>
Fredy Enrique Salazar <sup>(1)</sup>	25,290,906	19.93%

NOTES:

(1) Mr. Salazar is the President & Chief Executive Officer of the Company.

**ELECTION OF DIRECTORS**

The board of directors (the "**Board**") presently consists of six (6) 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/she is ordinarily resident, all offices of the Company now held by him/her, his/her principal occupation, the period of time he/she has been a director of the Company, and the number of shares of the Company beneficially owned by him/her, directly or indirectly, or over which he/she exercises control or direction, as at the date hereof.

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>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 & 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	1,094,963
<b>NICK DEMARE</b> <sup>(4)</sup> 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	4,439,442 <sup>(5)</sup>
<b>ETIENNE WALTER</b> <sup>(4)</sup> 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	81,433

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> <sup>(4)</sup> Director Washington State, USA	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.	Dec. 19/17	34,000
<b>MERLIN MARR-JOHNSON</b> Director & Corporate Secretary United Kingdom	Geologist. Mr. Marr-Johnson has over 25 years' experience in the minerals sector, including work as an exploration geologist for Rio Tinto, an analyst for HSBC and a portfolio manager for Blakeney Management. Mr. Marr-Johnson has worked on projects in South America, Africa, Central Asia and Europe, and as CEO he has brought two companies to AiM, London.	Jan. 24/19	Nil

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; 798,700 are held through Chase Management Ltd. and 576,325 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:

- **“compensation securities”** includes stock options, convertible securities, exchangeable securities and similar instruments including stock appreciation rights, deferred share units and restricted stock units granted or issued by the company or one of its subsidiaries for services provided or to be provided, directly or indirectly, to the company or any of its subsidiaries;
- **“external management company”** includes a subsidiary, affiliate or associate of the external management company;
- **“named executive officer”** or **“NEO”** means each of the following individuals:
  - (a) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief executive officer, including an individual performing functions similar to a chief executive officer;
  - (b) each individual who, in respect of the company, during any part of the most recently completed financial year, served as chief financial officer, including an individual performing functions similar to a chief financial officer;
  - (c) in respect of the company and its subsidiaries, the most highly compensated executive officer other than the individuals identified in paragraphs (a) and (b) at the end of the most recently completed financial year



whose total compensation was more than \$150,000, as determined in accordance with subsection 1.3(5), for that financial year;

(d) each individual who would be a named executive officer under paragraph (c) but for the fact that the individual was not an executive officer of the company, and was not acting in a similar capacity, at the end of that financial year;

- “**plan**” includes any plan, contract, authorization, or arrangement, whether or not set out in any formal document, where cash, compensation securities or any other property may be received, whether for one or more persons;
- “**underlying securities**” means any securities issuable on conversion, exchange or exercise of compensation securities.

During the financial years ended December 31, 2019 and 2018, 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, 2019 and 2018. 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	2019	95,084	-	-	-	167,107 <sup>(3)</sup>	262,191
	2018	97,205	-	-	-	128,728	225,933
Pablo Acosta CFO and Director	2019	105,719	-	-	-	13,132 <sup>(4)</sup>	118,851
	2018	78,483	-	-	-	3,802	82,285
Nick DeMare Director and Assistant Corporate Secretary	2019	47,766	-	-	-	55,738 <sup>(5)</sup>	103,504
	2018	46,621	-	-	-	54,827 <sup>(5)</sup>	101,448
Etienne Walter Director	2019	23,849	-	-	-	-	23,849
	2018	23,610	-	-	-	-	23,610
Jennifer Wu Director	2019	23,849	-	-	-	-	23,849
	2018	25,185	-	-	-	-	25,185
Merlin Marr-Johnson <sup>(6)</sup> Corporate Secretary and Director	2019	90,000	-	-	-	-	90,000
	2018	N/A	N/A	N/A	N/A	N/A	N/A
Juan Carlos Ortiz <sup>(7)</sup> Former Director	2019	-	-	-	-	-	-
	2018	23,543	-	-	-	-	23,543

NOTES:

- (1) Financial years ended December 31.
- (2) All amounts shown were paid in Canadian currency, the reporting currency of the Company.
- (3) Includes \$162,601 (2018 - \$124,926) paid for professional services provided by Amlatminas S.A., a private corporation owned by Mr. Salazar.
- (4) Includes \$10,699 paid for professional services provided by Cinge Cia Ltda., a private corporation owned by Mr. Acosta.

- (5) Paid to Chase Management Ltd., a private corporation owned by Mr. DeMare, for bookkeeping, accounting and corporate services rendered by Chase personnel exclusive of Mr. DeMare.
- (6) Mr. Marr-Johnson was appointed director on January 14, 2019.
- (7) Mr. Ortiz resigned as director on February 1, 2019.

### Stock Options and Other Compensation Securities and Instruments

The following table of compensation securities provides a summary of compensation securities granted or issued by the Company to the NEOs and directors of the Company, current or former, for the financial year ended December 31, 2019, 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	950,000	Feb. 14/19	0.135	0.135	0.19	Feb. 14/24
Pablo Acosta	Stock Options	550,000	Feb. 14/19	0.135	0.135	0.19	Feb. 14/24
Nick DeMare	Stock Options	400,000	Feb. 14/19	0.135	0.135	0.19	Feb. 14/24
Chase Management Ltd. <sup>(2)</sup>	Stock Options	150,000	Feb. 14/19	0.135	0.135	0.19	Feb. 14/24
Etienne Walter	Stock Options	300,000	Feb. 14/19	0.135	0.135	0.19	Feb. 14/24
Jennifer Wu	Stock Options	300,000	Feb. 14/19	0.135	0.135	0.19	Feb. 14/24
Merlin Marr-Johnson	Stock Options	1,000,000	Jan. 25/19	0.12	0.115	0.19	Jan. 25/24

NOTES:

- (1) Market value of the securities underlying the options on December 30, 2019, being the last trading day of the Company's shares for the financial year.
- (2) Chase Management Ltd. is a private corporation wholly-owned by Mr. DeMare.

There were no stock options exercised by the NEOs and directors of the Company during the financial year ended December 31, 2019.

### Stock Option Plan and Restricted Share Unit Plan

The Company has no incentive plans other than its stock option plan (the "**Option Plan**").

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.

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

The Company proposes to adopt a restricted share unit plan (the "**RSU Plan**"), subject to receipt of regulatory and shareholder approval. For a description of the proposed RSU Plan, see "*Particulars of Other Matters to be Acted Upon – Approval of Restricted Share Unit 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, 2019, a total of \$103,504 was billed by Chase, as to \$55,734 in accounting, management and administration services provided by Chase personnel and \$47,766 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, 2019.

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	11,972,000	0.14	675,779
Equity Compensation Plans Not Approved by Securityholders	-	-	-
Total	11,972,000	0.14	675,779

NOTE:

- (1) Based upon the Company having 126,477,790 common shares issued and outstanding as at December 31, 2019. 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. The Company proposes to adopt a new restricted share unit plan whereby the maximum number of common shares that may be reserved for issuance pursuant to such plan will not exceed 1,000,000 common shares, subject to the number of common shares reserved for issuance pursuant to such plan and the stock option plan not exceeding 10% of the issued shares of the Company at any time. See "*Particulars of Other Matters to be Acted Upon – Approval of Restricted Share Unit Plan*" for further particulars of the proposed restricted share unit plan, which plan remains subject to receipt of regulatory and shareholder approval.

**INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

As of August 18, 2020, 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, 2019 (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.

During fiscal 2019 the Company incurred \$279,967 for equipment rental services provided by Amlatminas S.A., a private corporation controlled by Mr. Salazar and Mr. Acosta.

During fiscal 2019 the Company incurred \$31,047 for storage rental provided by Agrosamex S.A., a private corporation controlled by the son of Mr. Salazar.

During fiscal 2019 the Company incurred \$10,699 for geological services provided by Amlatminas S.A., a private corporation controlled by Mr. Acosta.

## **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	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 Professional 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>
2019	\$70,000	Nil	\$30,175	\$854
2018	\$53,922	Nil	Nil	\$755

#### **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 six (6) directors. All six of the proposed nominees for election as director at the Meeting are current directors of the Company.

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, Pablo Acosta, Chief Financial Officer, are "inside" or management directors and accordingly are considered not "independent". Nick DeMare, Etienne Walter, Jennifer Wu and Merlin Marr-Johnson 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:



Director	Other Reporting Issuer
Fredy Salazar	N/A
Pablo Acosta	N/A
Nick DeMare	Aguila American Resources Ltd., American Helium Inc., Cliffmont Resources Ltd., East West Petroleum Corp., Hannan Metals Ltd., Hansa Resources Limited, Kingsmen Resources Ltd., Mawson Gold Limited, Mirasol Resources Ltd., Rochester Resources Ltd., Rockshield Capital Corp. and Tinka Resources Limited
Etienne Walter	N/A
Jennifer Wu	N/A
Merlin Marr-Johnson	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 six (6) 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**

### **A. 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 and outstanding Common Shares of the Company at the time of the stock option grant. In 2014, the Option Plan was amended and restated in order to bring it up to date with current policies of the Exchange. The Option Plan has since been approved and ratified 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 shareholders of the Company at the last annual general meeting of shareholders held on July 18, 2019, 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.**

#### **B. Approval of Restricted Share Unit Plan**

At the Meeting, shareholders of the Company will be asked to consider and, if thought appropriate, pass an ordinary resolution in the form set out below, approving the Company’s proposed new restricted share unit plan (the “**RSU Plan**”). Restricted share units (“**RSUs**”) granted under the RSU Plan will rise and fall in value based on the value of the Common Shares. Unlike Options, RSUs will not require the payment of any monetary consideration to the Company. Instead, each RSU represents a right to receive one Common Share following the attainment of vesting criteria determined at the time of the award.

The RSU Plan is a fixed plan pursuant to which the number of Common Shares that may be issued pursuant to RSUs granted under the RSU Plan is fixed at 1,000,000; provided, however, that the total number of Common Shares which may be issued pursuant to RSUs and Options granted under the Option Plan is a maximum of 10% of the issued and outstanding Common Shares at the time of grant.

The Company is seeking to reserve up to a maximum of 1,000,000 Common Shares for issuance upon the redemption of RSUs granted under the RSU Plan, representing approximately 0.79% of the Company’s issued and outstanding Common Shares; and when combined with the maximum number of Common Shares which may be reserved for issuance under all other security based compensation arrangements of the Company shall not exceed 10% of the total number of Common Shares issued and outstanding from time to time.

The following information is intended to be a brief description of the material terms of the RSU Plan and is qualified in its entirety by the full text of the RSU Plan, a copy of which is attached as Schedule “B” to this Information Circular.

- (a) Eligible Persons: The Board of Directors or a committee delegated by the Board of Directors under the RSU Plan (the “**Committee**”) may grant RSUs to directors, officers, employees or consultants of the Company or a subsidiary of the Company (the “**Participants**”) provided that the Board, together with such individuals or companies, are responsible for ensuring and confirming that such person is a bona fide Participant.

- (b) Fixed Plan: The RSU Plan is a fixed plan, such that the aggregate number of Common Shares that may be issued pursuant to the Plan shall not exceed 1,000,000 Common Shares, subject to the number of Common Shares reserved for issuance under the Option Plan and the RSU Plan being no greater than 10% of the Company's issued and outstanding Common Shares at any time.
- (c) Vesting: Each RSU will vest in such manner as determined by the Board of Directors or the Committee at the time of grant.
- (d) Settlement of RSUs: On the vesting date, the Company at its sole and absolute discretion have the option of settling the RSUs in cash (if applicable), Common Shares acquired by the Company on the TSX Venture Exchange (the "Exchange") or Common Shares to be issued from the treasury of the Company.
- (e) Limitations: The RSU Plan includes the following additional limitations: (i) the number of Common Shares reserved for issuance to Participants retained to provide Investor Relations Activities (as defined under the policies of the Exchange) under all security based compensation arrangements in any 12 month period shall not exceed 2% of the issued and outstanding Common Shares; (ii) the number of Common Shares reserved for issuance to any one Participant retained as a consultant to provide services to the Company or its subsidiaries under all security based compensation arrangements in any 12 month period shall not exceed 2% of the issued and outstanding Common Shares; (iii) the number of Common Shares reserved for issuance to any one Participant under all security based compensation arrangements in any 12 month period will not exceed 5% of the issued and outstanding Common Shares; (iv) unless the Company has received disinterested shareholder approval to do so, the number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements, shall not exceed 10% of the issued and outstanding Common Shares; and (v) unless the Company has received disinterested shareholder approval to do so the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements, shall not exceed 10% of the issued and outstanding Common Shares.
- (f) Ceasing to be a director, officer, employee or consultant: The RSU Plan provides that that if a Participant shall cease to be a director or officer of or be in the employ of, or a consultant or other Participant to, the Company or a subsidiary for any reason whatsoever including, without limitation, retirement, resignation or involuntary termination (with or without cause), as determined by the Board of Directors in its sole discretion, before all of the awards respecting RSUs credited to the Participant's account have vested or are forfeited pursuant to any other provision hereof, (i) such Participant shall cease to be a Participant as of the forfeiture date, (ii) the former Participant shall forfeit all unvested awards respecting RSUs credited to the Participant's account effective as at the forfeiture date, (iii) any award value corresponding to any vested RSUs remaining unpaid as of the forfeiture date shall be paid to the former Participant and (iv) the former Participant shall not be entitled to any further payment from the RSU Plan.
- (g) Change of control: In the event of a Change of Control (as defined in the RSU Plan), the Board or the Committee shall have absolute discretion to determine if all issued and outstanding RSUs shall vest (whether or not then vested) upon the Change of Control and the vesting date shall be the date which is immediately prior to the time such Change of Control takes place, or at such earlier time as may be established by the Board of Directors or the Committee, in its absolute discretion, prior to the time such Change of Control takes place.
- (h) Transferability: Except as required by law, the rights of a Participant under the RSU Plan are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.
- (i) Amendments: The Board of Directors may amend the RSU Plan in any way, or discontinue the RSU Plan altogether, and may amend, in any way, any RSU granted under the RSU Plan at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the RSU Plan or any related RSU agreement, except as otherwise permitted under the RSU Plan. In addition, the Board of Directors may, by resolution, make any amendment to the RSU Plan or any RSU granted under it (together with any related RSU agreement) without shareholder approval, provided however, that the Board will not be entitled to amend the RSU Plan or any RSU granted under it without shareholder (disinterested shareholder approval if applicable) and, if applicable, Exchange approval, in order to: (i) increase the maximum number of Common Shares issuable pursuant to the RSU Plan; (ii) cancel an RSU and subsequently issue to the

holder of such RSU a new RSU in replacement thereof; (iii) extend the term of an RSU, but not beyond the Expiry Date; (iv) permit the assignment or transfer of an RSU other than as provided for in the RSU Plan; (v) add to the categories of persons eligible to participate in this Plan; or (viii) in any other circumstances where Exchange and shareholder approval is required by the Exchange. Any renewal of the RSU Plan will be subject to disinterested shareholder approval, and Exchange approval as applicable.

The Exchange policies require that the RSU Plan be approved by the affirmative vote of not less than 50% of the votes cast by the disinterested Shareholders (“**Disinterested Shareholders**”) represented at the Meeting in person or by proxy (the “**RSU Plan Resolution**”). To the knowledge of the Company, a total of 30,940,744 Common Shares (being approximately 24.4% of the issued and outstanding Common Shares) are held by Shareholders who are considered insiders and to whom RSUs may be granted, and the associates thereof, and will be excluded from voting on the RSU Plan Resolution.

Accordingly, the Company requests that the Disinterested Shareholders pass the following resolution:

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

1. the proposed restricted share unit plan (the “**RSU Plan**”) of Salazar Resources Limited (the “**Company**”), in substantially the form attached to the information circular for the 2020 annual general meeting of the Company, 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 RSU Plan, is hereby approved;
2. the Company is authorized to grant restricted share units (“**RSUs**”) pursuant and subject to the terms and conditions of the RSU Plan entitling all of the holders of RSUs in aggregate to acquire up to 1,000,000 common shares of the Company, subject to the number of common shares of the Company reserved for issuance pursuant to RSUs and stock options being equal to or less than 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.”

**Management of the Company recommends that the shareholders vote in favour of the RSU 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 RSU 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.

Schedule "B"

**SALAZAR RESOURCES LTD.**

**RESTRICTED SHARE UNIT PLAN**

**ARTICLE I  
DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

For purposes of this Plan:

- (a) **"Account"** means an account maintained by the Company for each Participant and which will be credited with RSUs in accordance with the terms of this Plan;
- (b) **"Award Date"** means the date or dates on which an award of RSUs is made to a Participant in accordance with Section 4.1;
- (c) **"Award Value"** means, with respect to any RSUs, an amount equal to the number of RSUs, as such number may be adjusted in accordance with the terms of this Plan, multiplied by the Fair Market Value of the Shares;
- (d) **"Black-Out Period"** means the period of time when, pursuant to any policies of the Company, any securities of the Company may not be traded by certain persons as designated by the Company, including any Participant that holds an RSU;
- (e) **"Board"** means the board of directors of the Company as constituted from time to time;
- (f) **"Change of Control"** means:
  - (i) a successful takeover bid; or
  - (ii) (A) any change in the beneficial ownership or control of the outstanding securities or other interests of the Company which results in:
    - (1) a person or group of persons "acting jointly or in concert" (within the meaning of NI 62-104); or
    - (2) an affiliate or associate of such person or group of persons;  
holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or interests of the Company; and
  - (B) members of the Board who are members of the Board immediately prior to the earlier of such change and the first public announcement of such change cease to constitute a majority of the Board at any time within sixty days of such change; or
- (iii) Incumbent Directors no longer constituting a majority of the Board; or
- (iv) the winding up of the Company or the sale, lease or transfer of all or substantially all of the assets to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the Company is continued and where the shareholdings or other securityholdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would

not be considered a “Change of Control” if paragraph 1.1(f)(ii) above was applicable to the transaction); or

- (v) any determination by a majority of the Board that a Change of Control has occurred or is about to occur and any such determination shall be binding and conclusive for all purposes of this Plan;
- (g) “**Code**” means the U.S. Internal Revenue Code of 1986, as amended;
- (h) “**Committee**” has the meaning ascribed thereto in Section 2.4;
- (i) “**Company**” means Salazar Resources Ltd., and includes any successor corporation thereof;
- (j) “**Dividend Equivalent**” has the meaning ascribed thereto in Section 4.2;
- (k) “**Dividend Market Value**” means the Fair Market Value per Share on the dividend record date;
- (l) “**Exchange**” means the TSXV or, if the Shares are not then listed and posted for trading on the TSXV, such stock exchange on which such Shares are listed and posted for trading as may be selected for such purpose by the Board;
- (m) “**Expiry Date**” means, with respect to a RSU, the expiry date as may be determined by the Board, in its sole discretion, and set out in the applicable RSU Agreement;
- (n) “**Fair Market Value**” with respect to a Share, as at any date, means the volume weighted average of the prices at which the Shares traded on the TSXV (or, if the Shares are not then listed and posted for trading on the TSXV or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Shares occurs) for the three (3) trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;
- (o) “**Forfeiture Date**” means the date that is the earlier of: (i) the effective date of the Participant’s termination or resignation, as the case may be; and (ii) the date that the Participant ceases to be in the active performance of the usual and customary day-to-day duties of the Participant’s position or job, regardless of whether adequate or proper advance notice of termination or resignation shall have been provided in respect of such cessation of being a Participant;
- (p) “**Incumbent Directors**” means any member of the Board who was a member of the Board at the effective date of this Plan and any successor to an Incumbent Director who was recommended or elected or appointed to succeed any Incumbent Director by the affirmative vote of the Board, including a majority of the Incumbent Directors then on the Board, prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Change of Control;
- (q) “**Insider**”, “**associate**” and “**affiliate**” each have the meaning ascribed thereto in the TSX Venture Exchange Corporate Finance Manual, as amended from time to time;
- (r) “**NI 62-104**” means National Instrument 62-104 — *Take-Over Bids and Issuer Bids*, as amended from time to time;
- (s) “**Outside Payment Date**”, in respect of a RSU, means December 31 of the calendar year in which the Expiry Date occurs;
- (t) “**Participant**” means any director, officer, employee or consultant of, or a person or company engaged by, one or more of the entities comprising the Salazar Group to provide services for an initial, renewable

or extended period, determined to be eligible to participate in this Plan in accordance with Section 3.1 and, where applicable, a former Participant deemed eligible to continue to participate in this Plan in accordance with Section 4.5;

- (u) **“Plan”** means this Restricted Share Unit Plan;
- (v) **“RSU”** means a unit equivalent in value to a Share credited by means of a bookkeeping entry in the Participants’ Accounts;
- (w) **“RSU Agreement”** has the meaning set forth in Section 3.2;
- (x) **“Salazar Group”** means, collectively, the Company, any entity that is a Subsidiary of the Company from time to time, and any other entity designated by the Board from time to time as a member of the Salazar Group for the purposes of this Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities);
- (y) **“Security Based Compensation Arrangements”** means any incentive plan of the Company (other than this Plan), including the Company’s stock option plan, and any incentive options granted by the Company outside of this Plan;
- (z) **“Share”** means a common share of the Company;
- (aa) **“Subsidiary”** has the meaning ascribed thereto in the *Securities Act* (British Columbia);
- (bb) **“Successor”** has the meaning ascribed thereto in Section 5.2;
- (cc) **“takeover bid”** means a “take-over bid” as defined in NI 62-104 pursuant to which the “offeror” would as a result of such takeover bid, if successful, beneficially own, directly or indirectly, in excess of 50% of the outstanding Shares;
- (dd) **“TSXV”** means the TSX Venture Exchange Inc.;
- (ee) **“U.S. Participant”** means a Participant who is a citizen or resident of the United States (including its territories, possessions and all areas subject to the jurisdiction); and
- (ff) **“Vesting Date”** means, with respect to any RSU, the date upon which the Award Value to which the Participant is entitled pursuant to such RSU shall irrevocably vest and become irrevocably payable by the Company to the Participant in accordance with the terms hereof.

## 1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include female persons, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words “hereto”, “herein”, “hereby”, “hereunder”, “hereof” and similar expressions mean or refer to this document as a whole and not to any particular Article, Section, paragraph or other part hereof.

## ARTICLE II PURPOSE AND ADMINISTRATION OF THE PLAN

### 2.1 Purpose

The purpose of this Plan is to: (a) aid in attracting, retaining and motivating the directors, officers, employees and other eligible Participants of the Salazar Group in the growth and development of the Salazar Group by providing them with the opportunity through RSUs to acquire an increased proprietary interest in the Company; (b) more closely align their interests with those of the Company’s shareholders; (c) focus such Participants on operating and financial

performance and long-term shareholder value; and (d) motivate and reward for their performance and contributions to the Company's long-term success.

## **2.2 Administration of the Plan**

Subject to Section 2.4, this Plan shall be administered by the Board.

## **2.3 Authority of the Board**

The Board shall have the full power to administer this Plan, including, but not limited to, the authority to:

- (a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;
- (b) adopt, amend, suspend and rescind such rules and regulations for administration of this Plan as the Board may deem necessary in order to comply with the requirements of this Plan, or in order to conform to any law or regulation or to any change in any laws or regulations applicable thereto;
- (c) determine the individuals or companies to whom RSUs may be awarded provided that the Board, together with such individuals or companies, are responsible for ensuring and confirming that such person is a bona fide employee, consultant or management company employee of any member of the Salazar Group and therefore eligible as a Participant;
- (d) award such RSUs on such terms and conditions as it determines including, without limitation: the time or times at which RSUs may be awarded; the time or times when each RSU shall vest and the term of each RSU; whether restrictions or limitations are to be imposed on the Shares the Company may elect to issue in settlement of all or a portion of the Award Value of vested RSUs and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any RSU; in each case, based on such factors as the Board may determine appropriate, in its sole discretion;
- (e) take any and all actions permitted by this Plan; and
- (f) make any other determinations and take such other action in connection with the administration of this Plan that it deems necessary or advisable.

## **2.4 Delegation of Authority**

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the "Committee") of the Board all or any of the powers conferred on the Board under this Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.

The Board or the Committee may delegate or sub-delegate to any director or officer of the Company the whole or any part of the administration of this Plan and shall determine the scope of such delegation or sub-delegation in its sole discretion.

## **2.5 Discretionary Relief**

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

## **2.6 Amendment or Discontinuance of the Plan**

- (a) The Board may amend this Plan in any way, or discontinue this Plan altogether, and may amend, in any way, any RSU granted under this Plan at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the Plan or any

related RSU Agreement, except as otherwise permitted hereunder and further provided that no amendment will cause the Plan or any RSU to cease to comply with paragraph (k) of the definition of “salary deferral arrangement” in subsection 248(1) of the *Income Tax Act* (Canada). In addition, the Board may, by resolution, make any amendment to this Plan or any RSU granted under it (together with any related RSU Agreement) without shareholder approval, provided however, that the Board will not be entitled to amend this Plan or any RSU granted under it without shareholder (disinterested shareholder approval if applicable) and, if applicable, TSXV approval, in order to: (i) increase the maximum number of Shares issuable pursuant to this Plan; (ii) cancel an RSU and subsequently issue to the holder of such RSU a new RSU in replacement thereof; (iii) extend the term of an RSU, but not beyond the Expiry Date; (iv) permit the assignment or transfer of an RSU other than as provided for in this Plan; (v) add to the categories of persons eligible to participate in this Plan; (vi) remove or amend Sections 4.4 (b), (c), (d) or (e) of this Plan; (vii) remove or amend this Section 2.6(a); or (viii) in any other circumstances where TSXV and shareholder approval is required by the TSXV. Any renewal of this plan will be subject to disinterested shareholder approval, and TSXV approval as applicable.

- (b) Without limitation of Section 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to this Plan, and may make such determinations as it deems necessary or desirable for the administration of this Plan.
- (c) On termination of this Plan, any outstanding awards of RSUs under this Plan shall immediately vest and the Award Value underlying the RSUs shall be paid to the Participants in accordance with and upon compliance with Section 4.6. This Plan will finally cease to operate for all purposes when (i) the last remaining Participant receives payment in respect of the Award Value underlying all RSUs credited to the Participant’s Account, or (ii) all unvested RSUs expire in accordance with the terms of this Plan and the relevant RSU Agreements.

## **2.7 Final Determination**

Any determination or decision by, or opinion of, the Board, the Committee or a director or officer of the Company made or held pursuant to the terms set out herein shall be made or held reasonably and shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Company, the Participants and their beneficiaries and legal representatives.

Subject to Section 2.5, all rights, entitlements and obligations of Participants under this Plan are set forth in the terms hereof and cannot be modified by any other documents, statements or communications, except by amendment to the terms set out herein referred to in Section 2.6.

## **2.8 Withholding Taxes**

When a Participant or other person becomes entitled to receive a payment in respect of any RSUs, the Company or a member of the Salazar Group shall have the right to require the Participant or such other person to remit to the Company or to a member of the Salazar Group, as the case may be, an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Participant of a cash payment to the Company, or a member of the Salazar Group, as the case may be;
- (b) where the Company has elected to issue Shares to the Participant, the withholding by the Company or a member of the Salazar Group, as the case may be, from the Shares otherwise deliverable to the Participant such number of Shares as it determines are required to be sold by the Company, or a member of the Salazar Group, as the case may be, as agent for and on behalf of the Participant, to satisfy the total withholding tax obligation (net of selling costs, which shall be paid by the Participant). The Participant consents to such sale and grants to the Company, or a member of the Salazar Group, as the case may be, an irrevocable power of attorney to effect the sale of such Shares and acknowledges and

agrees that neither the Company nor any member of the Salazar Group accepts any responsibility for the price obtained on the sale of such Shares; or

- (c) the withholding by the Company or a member of the Salazar Group, as the case may be, from any cash payment otherwise due to the Participant;

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Shares so withheld is sufficient to satisfy the total withholding tax obligation. Any reference in this Plan to the Award Value or payment of cash or issuance of Shares in settlement thereof is expressly subject to this Section 2.8.

## **2.9 Taxes**

Participants (or their beneficiaries) shall be responsible for reporting and paying all taxes with respect to any RSUs under the Plan, whether arising as a result of the grant or vesting of RSUs or otherwise. Neither the Company nor the Board make any guarantees to any person regarding the tax treatment of an RSU or payments made under the Plan and none of the Company or any of its employees or representatives shall have any liability to a Participant with respect thereto. In the event the Company applies in a local jurisdiction for a favourable and/or reduced tax route in such jurisdiction, and if the Plan or the grant fails to qualify for this reduced tax route, for any reason, the Participant in this jurisdiction shall bear the full responsibility for the taxes and the Company shall bear no liability what so ever to the Participant for such tax treatment. The Company will provide each Participant with (or cause each Participant to be provided with) a T4 slip or such information return as may be required by applicable law to report income, if any, arising upon the grant or vesting of rights under this Plan by a Participant for income tax purposes.

## **2.10 Information**

Each Participant shall provide the Company with all of the information (including personal information) that it requires in order to administer this Plan.

## **2.11 Account Information**

Information pertaining to the RSUs in Participants' Accounts will be made available to the Participants at least annually in such manner as the Company may determine and shall include such matters as the Board or the Committee may determine from time to time or as otherwise may be required by law.

## **2.12 Indemnification**

Each member of the Board or Committee is indemnified and held harmless by the Company against any cost or expense (including any sum paid in settlement of a claim with the approval of the Company) arising out of any act or omission to act in connection with the terms hereof to the extent permitted by applicable law. This indemnification is in addition to any rights of indemnification a Board or Committee member may have as director or otherwise under the Articles of the Company, any agreement, any vote of shareholders, or disinterested directors, or otherwise.

# **ARTICLE III ELIGIBILITY AND PARTICIPATION IN THE PLAN**

## **3.1 Participation**

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the authority to determine, which Participants will participate in this Plan.

## **3.2 RSU Agreement**

A Participant shall confirm acknowledgement of an award of RSUs made to such Participant in such form as determined by the Board from time to time (the "**RSU Agreement**"), within such time period and in such manner as specified by the Board. If acknowledgement of an award of RSUs is not confirmed by a Participant within the time specified, the Company reserves the right to revoke the crediting of RSUs to the Participant's Account.



### 3.3 Participant's Agreement to be Bound

Participation in this Plan by any Participant shall be construed as irrevocable acceptance by the Participant of the terms and conditions set out herein and all rules and procedures adopted hereunder and as amended from time to time.

## ARTICLE IV TERMS OF THE PLAN

### 4.1 Grant of RSUs

Subject to Section 3.2, an award of RSUs pursuant to this Plan will be made and the number of such RSUs awarded will be credited to each Participant's Account, effective as of the Award Date. The number of RSUs to be credited to each Participant's Account shall be determined by the Board, or the Committee delegated by the Board to do so, each in its sole discretion.

### 4.2 Credits for Dividends

Following the declaration and payment of dividends on the Shares, the Board may, in its absolute discretion, determine to make a cash payment to a Participant in respect of outstanding vested RSUs credited to the Participant's Account and subject to the Participant providing an executed exercise notice (a "**Dividend Equivalent**"). Such Dividend Equivalent, if any, shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places. Payment of any such Dividend Equivalent will be made forthwith following any such determination by the Board and in any event within thirty (30) days of such determination.

### 4.3 Vesting

The Board or the Committee may, in its sole discretion, determine the time during which RSUs shall vest (except that no RSU, or portion thereof, may vest after the Expiry Date) and whether there shall be any other conditions or performance criteria to vesting. Notwithstanding the foregoing, the Committee may, at its sole discretion at any time or in the RSU Agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting in whole or in part of RSUs previously granted. The Award Value of any RSU shall be determined as of the applicable Vesting Date.

### 4.4 Limits on Issuances

Notwithstanding any other provision of this Plan:

- (a) the maximum number of Shares issuable at any time pursuant to RSUs under this Plan shall be limited to 1,000,000, subject to the number of Shares issuable at any time under all Security Based Compensation Arrangements (including, for greater certainty, pursuant to RSUs issued under this Plan) not exceeding 10% of the issued and outstanding Shares;
- (b) the number of Shares reserved for issuance to Participants retained to provide Investor Relations Activities under all Security Based Compensation Arrangements in any 12 month period shall not exceed 2% of the issued and outstanding Shares;
- (c) the number of Shares reserved for issuance to any one Participant retained as a consultant to provide services to any of the entities comprising the Salazar Group under all Security Based Compensation Arrangements in any 12 month period shall not exceed 2% of the issued and outstanding Shares;
- (d) unless the Company has received disinterested shareholder approval to do so, the number of Shares reserved for issuance to any one Participant under all Security Based Compensation Arrangements in any 12 month period will not exceed 5% of the issued and outstanding Shares calculated as at the date of the grant to such Participant;

- (e) unless the Company has received disinterested shareholder approval to do so the number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares; and
- (f) unless the Company has received disinterested shareholder approval to do so the number of Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 10% of the issued and outstanding Shares calculated at the date of the grant to any Insider.

For the purposes of this Section 4.4, any increase in the issued and outstanding Shares (whether as a result of the issue of Shares from treasury in settlement of the Award Value underlying vested RSUs or otherwise) will not increase the number of Shares that may be issued pursuant to this Plan. Shares issued from treasury in settlement of an Award Value underlying vested RSUs will not become available for grant under this Plan.

RSUs (or the Award Value thereof) that are cancelled, surrendered, terminated or that expire prior to the final Vesting Date or in respect of which the Company has not elected to issue Shares from treasury in respect thereof shall result in such Shares that were reserved for issuance thereunder being available to be issued, at the election of Company, in respect of a subsequent grant of RSUs pursuant to this Plan to the extent of any Shares which have not been issued from treasury in respect of any such RSU.

For purposes of the calculations in this Section 4.4 only, it shall be assumed that all issued and outstanding RSUs will be settled by the issuance of Shares from treasury, notwithstanding the Company's right pursuant to Section 4.6 to settle the Award Value underlying vested RSUs in cash (if applicable) or by purchasing Shares on the open market.

In addition to the terms set out herein, the administration and limitations of this Plan will be subject to the provisions of TSXV Policy 4.4 – *Incentive Stock Options*, as applicable.

#### **4.5 RSU Terms**

The term during which a RSU may be outstanding shall, subject to the provisions of this Plan requiring or permitting the acceleration or the extension of the term, be such period as may be determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction (but in no case shall the term of an RSU extend beyond the Expiry Date).

In addition, unless otherwise determined by the Board or the Committee, or unless the Company and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), each RSU shall provide that if a Participant shall cease to be a director or officer of or be in the employ of, or a consultant or other Participant to, any of the entities comprising the Salazar Group for any reason whatsoever including, without limitation, retirement, resignation or involuntary termination (with or without cause), as determined by the Board in its sole discretion, before all of the awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, (i) such Participant shall cease to be a Participant as of the Forfeiture Date, (ii) the former Participant shall forfeit all unvested awards respecting RSUs credited to the Participant's Account effective as at the Forfeiture Date, (iii) any Award Value corresponding to any vested RSUs remaining unpaid as of the Forfeiture Date shall be paid to the former Participant in accordance with Section 4.6, and (iv) the former Participant shall not be entitled to any further payment from this Plan.

Notwithstanding the preceding paragraph or anything else contained in this Plan to the contrary, unless otherwise determined by the Board or the Committee, or unless the Company and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), if a Participant shall cease to be a director or officer of or be in the employ of, or a consultant or other Participant to, any of the entities comprising the Salazar Group due to the death of the Participant, any unvested RSUs in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested RSUs and the Award Value corresponding to all RSUs credited to such Participant's Account shall be paid to the legal representative of the deceased former Participant's estate in accordance with Section 4.6 after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant.

Where a Vesting Date occurs on a date when a Participant is subject to a Black-Out Period, such Vesting Date shall be extended to a date which is within (10) ten business days following the end of such Black-Out Period, and further provided that (i) if any such extension would cause the Vesting Date or Vesting Dates to extend beyond the Expiry Date, the amounts to be paid on such Vesting Date or Vesting Dates shall be paid on the Expiry Date notwithstanding the Black-Out Period, and (ii) if a Forfeiture Date occurs in respect of a Participant after the original Vesting Date then any unvested RSUs credited to the Participant's Account effective as of the Forfeiture Date that would have vested as of the original Vesting Date but for the Black-Out Period, shall be deemed to have vested immediately prior to the Forfeiture Date, but, subject to subparagraph (i), the Award Value of any such-vested RSUs shall be determined as of the Vesting Date as so extended by the provisions above, and any payment thereof shall be made only after such determination.

This Plan does not confer upon a Participant any right with respect to continuation of employment by or service provision to any of the entities comprising the Salazar Group, nor does it interfere in any way with the right of the Participant or any of the entities comprising the Salazar Group to terminate the Participant's employment or service provision at any time.

#### **4.6 Payment in Respect of RSUs**

On the Vesting Date, the Company, at its sole and absolute discretion, shall have the option of settling the Award Value payable in respect of an RSU by any of the following methods or by a combination of such methods:

- (a) payment in cash;
- (b) payment in Shares acquired by the Company on the Exchange; or
- (c) payment in Shares issued from the treasury of the Company.

The Company shall not determine whether the payment method shall take the form of cash (if applicable) or Shares until the Vesting Date, or some reasonable time prior thereto. A holder of RSUs shall not have any right to demand, be paid in, or receive Shares in respect of the Award Value underlying any RSU at any time. Notwithstanding any election by the Company to settle the Award Value of any vested RSUs, or portion thereof, in Shares, the Company reserves the right to change its election in respect thereof at any time up until payment is actually made, and the holder of such vested RSUs shall not have the right, at any time to enforce settlement in the form of Shares of the Company.

Any amount payable to a Participant in respect of vested RSUs shall be paid to the Participant as soon as practicable following the Vesting Date and in any event within thirty (30) days of the Vesting Date and prior to the Outside Payment Date (provided that any amount payable with respect to a Vesting Date that occurs after the Forfeiture, but before the RSU has terminated in accordance with an applicable provision of Section 4.6, must occur not later than the Expiry Date).

Where the Company elects to pay any amounts pursuant to vested RSUs by issuing Shares, and the determination of the number of Shares to be delivered to a Participant in respect of a particular Vesting Date would result in the issuance of a fractional Share, the number of Shares deliverable on the Vesting Date shall be rounded down to the next whole number of Shares. No certificates representing fractional Shares shall be delivered pursuant to this Plan nor shall any cash amount be paid at any time in lieu of any such fractional interest.

## **ARTICLE V EFFECT OF CORPORATE EVENTS**

### **5.1 Alterations in Shares**

In the event:

- (a) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or

- (b) that any rights are granted to all or substantially all shareholders to purchase Shares at prices substantially below Fair Market Value; or
- (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Shares are converted into or exchangeable for any other securities or property;

then the Board may make such adjustments to this Plan, to any RSUs and to any RSU Agreements outstanding under this Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of amounts to be paid to Participants hereunder.

## **5.2 Merger and Sale, etc.**

Except in the case of a transaction that is a Change of Control and to which Section 5.3 applies, if the Company enters into any transaction or series of transactions whereby the Company or all or substantially all of the assets would become the property of any other trust, body corporate, partnership or other person (a “**Successor**”), whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Company and the Successor will execute such instruments and do such things as the Board or the Committee may determine are necessary to establish that upon the consummation of such transaction the Successor will assume the covenants and obligations of the Company under this Plan and the RSU Agreements outstanding on consummation of such transaction. Any such Successor shall succeed to, and be substituted for, and may exercise every right and power of the Company under this Plan and RSU Agreements with the same effect as though the Successor had been named as the Company herein and therein and thereafter, the Company shall be relieved of all obligations and covenants under this Plan and such RSU Agreements and the obligation of the Company to the Participants in respect of the RSUs shall terminate and be at an end and the Participants shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Shares upon vesting of the RSUs.

## **5.3 Change of Control**

Notwithstanding any other provision in this Plan but subject to any provision to the contrary contained in an RSU Agreement or other written agreement (such as an agreement of employment) between the Company and a Participant, if there takes place a Change of Control, the Board or the Committee shall have the absolute discretion to determine if all issued and outstanding RSUs shall vest (whether or not then vested) upon the Change of Control and the Vesting Date shall be the date which is immediately prior to the time such Change of Control takes place, or at such earlier time as may be established by the Board or the Committee, in its absolute discretion, prior to the time such Change of Control takes place.

# **ARTICLE VI GENERAL**

## **6.1 Compliance with Laws**

The Company, in its sole discretion, may postpone the issuance or delivery of any Shares that it elects to issue pursuant to any RSU to such date as the Committee may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations, except that in no event may the issuance of such Shares in respect of a RSU occur after the Outside Payment Date. The Company shall not be required to qualify for resale pursuant to a prospectus or similar document any Shares that it elects to issue pursuant to the Plan, provided that, if required, the Company shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of RSUs hereunder in accordance with any such requirements.

## **6.2 General Restrictions and Assignment**

Except as required by law, the rights of a Participant hereunder are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The rights and obligations hereunder may be assigned by the Company to a Successor to the business of the Company.

### **6.3 Market Fluctuations**

No amount will be paid to, or in respect of, a Participant under this Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose. The Plan will be unfunded.

The Company makes no representations or warranties to Participants with respect to this Plan or the RSUs whatsoever. Participants are expressly advised that the value of any RSUs and Shares under this Plan will fluctuate as the trading price of Shares fluctuates.

In seeking the benefits of participation in this Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of RSUs.

### **6.4 No Shareholder Rights**

Until Shares have actually been issued and delivered should the Company elect to so issue Shares in accordance with the terms of the Plan, a Participant to whom RSUs have been granted shall not possess any incidents of ownership of such Shares including, for greater certainty and without limitation, the right to receive dividends, if any, on such Shares and the right to exercise voting rights in respect of such Shares.

### **6.5 Section 409A**

This Plan, the RSUs and payments made to U.S. Participants pursuant to this Plan are intended to comply with, or qualify for an exemption from, the requirements of Section 409A of the Code and shall be construed consistently therewith and shall be interpreted in a manner consistent with that intention. Terms defined in this Plan shall have the meanings given to such terms under Section 409A of the Code if and to the extent required to comply with Section 409A. Notwithstanding any other provision of this Plan, the Company reserves the right, to the extent it deems necessary or advisable, in its sole discretion, to unilaterally amend the Plan to ensure that all RSUs issued to U.S. Participants are awarded in a manner that qualifies for exemption from, or complies with, Section 409A, provided, however, that the Company makes no undertaking to preclude Section 409A from applying to an award of RSUs, and the U.S. Participant or his or her estate, as the case may be, is and shall at all times be solely responsible for the payment of all taxes and penalties under Section 409A. The Company, its affiliates, directors, officers and agents shall have no liability to a U.S. Participant, or any other party, if an RSU that is intended to be exempt from, or compliant with, Section 409A is not so exempt or compliant, or for any action taken by the Committee.

### **6.6 Governing Law**

The validity, construction and effect of this Plan and any actions taken or relating to this Plan shall be governed by the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

### **6.7 Currency**

All amounts paid or values to be determined under this Plan shall be in Canadian dollars.

### **6.8 Severability**

The invalidity or unenforceability of any provision of this document shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this document.

### **6.9 Effective Time**

This Plan shall be effective as of ♦.