

## **APEX RESOURCES INC.**

(the "**Company**")

Suite 2000 – 1066 West Hastings Street

Vancouver, British Columbia V6E 3X2

Telephone: (604) 628-0519 Fax: (604) 628-0446

### **INFORMATION CIRCULAR**

(As of June 17, 2020, except as indicated)

The Company is providing this Information Circular and a form of proxy in connection with management's solicitation of proxies for use at the annual general and special meeting (the "**Meeting**") of the Company to be held on Friday, July 31, 2020 and at any adjournments. The Company will conduct its solicitation by mail and officers and employees of the Company may, without receiving special compensation, also telephone or make other personal contact. The Company will pay the cost of solicitation.

#### **APPOINTMENT OF PROXYHOLDER**

The purpose of a proxy is to designate persons who will vote the proxy on a shareholder's behalf in accordance with the instructions given by the shareholder in the proxy. The persons whose names are printed in the enclosed form of proxy are officers or Directors of the Company (the "**Management Proxyholders**").

**A shareholder has the right to appoint a person other than a Management Proxyholder, to represent the shareholder at the Meeting by striking out the names of the Management Proxyholders and by inserting the desired person's name in the blank space provided or by executing a proxy in a form similar to the enclosed form. A proxyholder need not be a shareholder.**

#### **VOTING BY PROXY**

**Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting.** Shares represented by a properly executed proxy will be voted or be withheld from voting on each matter referred to in the Notice of Meeting in accordance with the instructions of the shareholder on any ballot that may be called for and if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

**If a shareholder does not specify a choice and the shareholder has appointed one of the Management Proxyholders as proxyholder, the Management Proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.**

**The enclosed form of proxy also gives discretionary authority to the person named therein as proxyholder with respect to amendments or variations to matters identified in the Notice of the Meeting and with respect to other matters which may properly come before the Meeting.** At the date of this Information Circular, management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

#### **COMPLETION AND RETURN OF PROXY**

Completed forms of proxy must be deposited at the office of the Company's registrar and transfer agent, Computershare Trust Company of Canada, 8th Floor, 100 University Avenue, Toronto, ON, Canada, M5J 2Y1, or by fax to 1-(866) 249-7775, not later than forty-eight (48) hours, excluding Saturdays, Sundays

and holidays, prior to the time of the Meeting, unless the chairman of the Meeting elects to exercise his discretion to accept proxies received subsequently.

## **NON-REGISTERED HOLDERS**

**Only shareholders whose names appear on the records of the Company as the registered holders of shares or duly appointed proxyholders are permitted to vote at the Meeting.** Most shareholders of the Company are "non-registered" shareholders because the shares they own are not registered in their names but instead registered in the name of a nominee such as a brokerage firm through which they purchased the shares; bank, trust company, trustee or administrator of self-administered RRSP's, RRIF's, RESP's and similar plans; or clearing agency such as The Canadian Depository for Securities Limited (a "Nominee"). If you purchased your shares through a broker, you are likely an unregistered holder.

In accordance with securities regulatory policy, the Company has distributed copies of the Meeting materials, being the Notice of Meeting, this Information Circular and the Proxy, to the Nominees for distribution to non-registered holders.

Nominees are required to forward the Meeting materials to non-registered holders to seek their voting instructions in advance of the Meeting. Shares held by Nominees can only be voted in accordance with the instructions of the non-registered holder. The Nominees often have their own form of proxy, mailing procedures and provide their own return instructions. If you wish to vote by proxy, you should carefully follow the instructions from the Nominee in order that your Shares are voted at the Meeting.

If you, as a non-registered holder, wish to vote at the Meeting in person, you should appoint yourself as proxyholder by writing your name in the space provided on the request for voting instructions or proxy provided by the Nominee and return the form to the Nominee in the envelope provided. Do not complete the voting section of the form as your vote will be taken at the Meeting.

In addition, Canadian securities legislation now permits the Company to forward meeting materials directly to "non objecting beneficial owners". If the Company or its agent has sent these materials directly to you (instead of through a Nominee), your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the Nominee holding on your behalf. By choosing to send these materials to you directly, the Company (and not the Nominee holding on your behalf) has assumed responsibility for (i) delivering these materials to you and (ii) executing your proper voting instructions.

## **REVOCABILITY OF PROXY**

Any registered shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a registered shareholder, his attorney authorized in writing or, if the registered shareholder is a corporation, a corporation under its corporate seal or by an officer or attorney thereof duly authorized, may revoke a proxy by instrument in writing, including a proxy bearing a later date. The instrument revoking the proxy must be deposited at the registered office of the Company, at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof, or with the chairman of the Meeting on the day of the Meeting. **Only registered shareholders have the right to revoke a proxy. Non-Registered Holders who wish to change their vote must, at least 7 days before the Meeting, arrange for their Nominees to revoke the proxy on their behalf.**

## **NOTICE AND ACCESS**

Effective February 11, 2013, the Canadian Securities Administrators adopted regulatory amendments to securities laws governing the delivery of proxy-related materials by public companies. As a result, public companies are now permitted to advise their shareholders of the availability of all proxy-related materials

on an easily accessible website, rather than mailing physical copies of the materials. The Company has elected to use the “notice and access” provisions under National Instrument 54-101 for the Meeting has decided to deliver the Meeting Materials to Shareholders by posting the Meeting Materials on its website (www.apxresources.com). The Meeting Materials will be available on the Company’s website as of June 17, 2020, and will remain on the website for one full year thereafter. The Meeting Materials will also be available on SEDAR at www.sedar.com as of June 17, 2020.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of common shares without par value (the "Common Shares"), of which 15,483,214 Common Shares are issued and outstanding and an unlimited number of First Preference Shares without par value, of which none are issued or outstanding. Persons who are registered holders of the Common Shares at the close of business on June 17, 2020 will be entitled to receive notice of and vote at the Meeting and will be entitled to one vote for each Common Share held.

To the knowledge of the Directors and executive officers of the Company, no person beneficially owns, controls or directs, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all Common Shares of the Company.

## ELECTION OF DIRECTORS

The Directors of the Company are elected at each annual general meeting and hold office until the next annual general meeting or until their successors are appointed. In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed.

### Shareholder approval will be sought to fix the number of directors of the Company at four (4).

The Company does not have an executive committee, has a Corporate Governance and Compensation Committee ("CGCC") and is required to have an audit committee (the "Audit Committee"). Members of the each committee are as set out below.

Management of the Company proposes to nominate each of the following persons for election as a Director. Information concerning such persons, as furnished by the individual nominees, is as follows:

<i>Name, Jurisdiction of Residence and Position</i>	<i>Principal Occupation or employment and, if not a previously elected Director, occupation during the past 5 years</i>	<i>Previous Service as a Director</i>	<i>Number of Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly<sup>(1)</sup></i>
Arthur G. Troup, M.Sc., P.Eng. British Columbia, Canada President, CEO and Director <sup>(4)</sup>	President and Chief Executive Officer of the Company.	Since June 15, 1989	1,287,327 <sup>(2)</sup>
Linda Dandy, P.Geo. <sup>(3)(4)</sup> British Columbia, Canada Director	Geologist	Since May 28, 2014	NIL
Robin Merrifield, CA (SA) <sup>(3)(4)</sup> British Columbia, Canada Director	Chartered Accountant, independent financial consultant	Since November 16, 2009	48,299
Ralph Gonzalez, M.Sc., P.Geo., P.Eng. <sup>(3)</sup> British Columbia, Canada Director	Geologist, Engineer, Owner Archean Minerals Exploration	Since July 21, 2017	NIL

*Notes:*

- (1) Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, as at June 17, 2020, based upon information furnished to the Company by individual Directors. Unless otherwise indicated, such Common Shares are held directly.
- (2) Of these Common Shares, 1,227,604 are held indirectly in the name of Istana Developments Ltd., a private company controlled by Mr. Troup.
- (3) Member of the Audit Committee.
- (4) Member of the CGCC.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the company acting solely in such capacity.

Except as set out below, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of the Information Circular, or has been, within 10 years before the date of the Information Circular, a director, chief executive officer ("**CEO**") or chief financial officer ("**CFO**") of any company (including the Company) that:
  - (i) was the subject, while the proposed director was acting in the capacity as director, CEO or CFO of such company, of a cease trade 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; or
  - (ii) was subject to a cease trade 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, that was issued after the proposed director ceased to be a director, CEO or CFO but which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO of such company; or
- (b) is, as at the date of this Information Circular, or has been within 10 years before the date of the 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, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director; or
- (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (e) has been subject to any 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.

Robin Merrifield was previously a Director of Alhambra Resources Ltd, which determined that it was unable to file its annual audited financial statements for the year ended December 31, 2012 by the prescribed filing deadline. As a result, the Alberta Securities Commission issued a Management Cease Trade (MCTO) order on May 1, 2013, prohibiting trade in the company's securities by the CEO and CFO

until the filing deficiency has been remedied. The MCTO was subsequently revoked on May 5, 2013 once the required statements were filed.

The following proposed directors of the Company hold directorships in other reporting issuers as set out below:

<u>Name of Director</u>	<u>Name of Other Reporting Issuers</u>
<b>Arthur G. Troup</b>	N/A
<b>Robin Merrifield</b>	N/A
<b>Linda Dandy</b>	N/A
<b>Ralph Gonzalez</b>	N/A

The board of directors believes that it functions independently of management. To enhance its ability to act independently of management, the board of directors may meet in the absence of members of management and the non-independent directors, if and when necessary, or may excuse such persons from all or a portion of any meeting where a potential conflict of interest arises or where otherwise appropriate.

From time to time, the independent directors of the Company may meet in the absence of the non-independent directors. During 2019, the independent directors did not formally meet in absence of the non-independent directors. Given the size and constitution of the board of directors, and current stage of development of the Company, the board of directors believes that the meetings held by the directors in 2019 together with the mandate of the board of directors were sufficient to adequately facilitate open and candid discussion amongst the independent directors during the year.

Given the current size of the Company and its board of directors and management, the board of directors does not feel that it is necessary at this time to formalize position descriptions or corporate objectives for, if any, the Chairman of the board of directors, the Chairman of each committee of the board of directors, or the President and Chief Executive Officer in order to delineate their respective responsibilities. Accordingly, the roles of the executive officers of the Company are delineated on the basis of the customary practice.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The Company's Corporate Governance and Compensation Committee ("**CGCC**") has responsibility for reviewing compensation for the Company's directors and senior management. The CGCC makes recommendations to the Board which then has the power to approve or reject the compensation.

To determine compensation payable, the CGCC reviews compensation paid for directors and NEOs (as defined below under "Summary Compensation Table") of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation, the CGCC annually reviews the performance of the NEOs in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives.

The Company's compensation policies and its stock option plan (the "**Stock Option Plan**") are designed to assist the Company in attracting, retaining and motivating Directors, officers and employees of the Company and of its subsidiaries and to closely align the personal interests of such Directors, officers and employees with those of the shareholders by providing them with the opportunity, through stock options, to acquire shares in the capital of the Company.

## Option-based awards

The Company grants option-based awards to executive officers through the Stock Option Plan, which was implemented by the Company's Board of Directors effective May 16, 2003, as amended on June 24, 2008, and was approved by the TSX Venture Exchange and the Company's shareholders. The Stock Option Plan has been established to provide incentive to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Stock Option Plan provides that options will be issued pursuant to option agreements to directors, officers, employees or consultants of the Company or a subsidiary of the Company, if any. All options expire on a date not later than five years after the issuance of such option. The exercise price for the options is the last closing price of the Company's stock on the trading day immediately preceding the day on which the Company announces the grant of the option or, if the grant is not announced, last closing price of the Company's stock on the date of grant. Previous grants of option-based awards are taken into account when considering new grants of options. Subject to the requirements of the policies of the TSX Venture Exchange and the prior receipt of any necessary regulatory or shareholder approval, The Board of Directors has, without limitation, the full and final authority in their discretion, but subject to the express provisions of the Stock Option Plan, to interpret the Stock Option Plan, to prescribe, amend and rescind rules and regulations relating to the Stock Option Plan and to make all other determinations deemed necessary or advisable in respect of the Stock Option Plan. Administration of the Stock Option Plan is the responsibility of the appropriate officers of the Company.

The Board of Directors generally grants options to corporate executives further to the recommendation of the CGCC. As part of its annual work plan, the CGCC reviews, among other things, executive compensation and makes appropriate recommendations to the Board regarding such compensation, including but not limited to the grant of options. Options may be granted at other times of the year to individuals commencing employment with the Company.

## Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6 ("**Statement of Executive Compensation**" (the "**Form 51-102F6**")) sets forth all annual and long term compensation for services in all capacities to the Company for the two most recently completed financial years of the Company ended December 31, 2018 and 2019 (to the extent required by Form 51-102F6) in respect of each of the individuals comprised of each Chief Executive Officer and the Chief Financial Officer who acted in such capacity for all or any portion of the two most recently completed financial years, and each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, (other than the Chief Executive Officer and the Chief Financial Officer), as at December 31, 2019 whose total compensation was, individually, more than \$150,000 for the financial year and any individual who would have satisfied these criteria but for the fact that individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of the most recently completed financial year (collectively the "**Named Executive Officers**" or "**NEOs**").

The Company had two NEOs during the year ended December 31, 2019 and the aggregate direct remuneration paid or payable to the Company's NEOs was \$300,000 (including Option Based Awards).

NEO Name and Principal Position	Year	Salary <sup>(1)</sup> (\$)	Share-Based Awards (\$)	Option-Based Awards <sup>(3)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(2)</sup> (\$)		Pension Value (\$)	All Other Compensation (\$)	Total Compensation <sup>(2)</sup> (\$)
					Annual Incentive Plans	Long-term Incentive Plans			
Arthur G. Troup, President & CEO	2019	112,500 <sup>(5)</sup>	NIL	NIL	NIL	NIL	NIL	NIL	112,500
	2018	180,000	NIL	NIL	NIL	NIL	NIL	NIL	180,000
Marc HK Lee	2019	NIL	NIL	NIL	NIL	NIL	NIL	75,000 <sup>(4)(6)</sup>	75,000

	2018	NIL	NIL	NIL	NIL	NIL	NIL	120,000 <sup>(4)</sup>	120,000
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*Notes:*

- (1) Includes the dollar value of cash and non-cash base salary earned during a financial year covered.
- (2) These amounts include all amounts set out in table from for each NEO and executive officer.
- (3) The Company did not grant any stock options to its NEO during the years ended December 31, 2018 and 2019. When options are granted, the Company calculates the compensation cost by using the Black-Scholes valuation model with factors such as risk free interest rates, dividend yields, volatility rate and expected life of options based on assessments prevalent at the time the options are issued.
- (4) This amount consists of a consulting fee paid to Mr. Lee for CFO, corporate secretarial and investor relations services.
- (5) Mr. Troup's annual salary is \$180,000 per annum. During the year ended December 31, 2019, Mr. Troup was paid \$112,500. As a result of the Company's ongoing cost cutting measures, Mr. Troup forgave the remaining \$67,500 in unpaid salary as at December 31, 2019.
- (6) Mr. Lee's annual consulting fees are \$120,000 per annum. During the year ended December 31, 2019, Mr. Lee was paid \$75,000. As a result of the Company's ongoing cost cutting measures, Mr. Lee forgave the remaining \$45,000 in unpaid salary as at December 31, 2019.

As part of its annual work plan, the CGCC reviews, among other things, executive compensation and makes appropriate recommendations to the Board regarding such compensation.

### Incentive Plan Awards

#### Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Named Executive Officers:

<i>Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i> <sup>(2)</sup>	
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options</i> <sup>(1)</sup> (\$)	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>
<b>Arthur G Troup</b>	250,000	0.15	08-Mar-2022	Nil	N/A	N/A
<b>Marc HK Lee</b>	230,000	0.15	08-Mar-2022	Nil	N/A	N/A

*Notes:*

- (1) The closing market price of the Common Shares on the TSX Venture Exchange was \$0.10 per share on December 31, 2019.
- (2) The Company does not have Incentive Plan Awards other than option-based awards.

#### Value Vested Or Earned During The Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Named Executive Officers are as follows:

<i>NEO Name</i>	<i>Option-Based Awards - Value Vested During The Year</i> <sup>(1)</sup> (\$)	<i>Share-Based Awards - Value Vested During The Year</i> <sup>(2)</sup> (\$)	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year</i> <sup>(2)</sup> (\$)
Arthur G. Troup	NIL	N/A	N/A
Marc H.K. Lee	NIL	N/A	N/A

*Notes:*

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) The Company does not have Incentive Plan Awards in place other than option-based awards.

## **Discussion**

The Company has an incentive Stock Option Plan which permits the granting of options (“Options”) in accordance with the terms of the Stock Option Plan to eligible participants to purchase up to 2,039,017, and not more than a maximum of 20%, of the issued Common Shares of the Company at the time of a grant.

The exercise price of incentive stock options is determined by the Board, but shall not be less than the closing trading price of the common shares of the Company on the TSX Venture Exchange on the last trading day immediately before the grant date, or such other price as may be agreed to by the Company and approved by the TSX Venture Exchange.

In keeping with market practice, stock options are issued as an incentive for performance and long term retention. The Company's Stock Option Plan is administered by the board of directors. The Stock Option Plan is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term, to enable the Company to attract and retain individuals with experience and ability, and to reward individuals for current performance and provide rewards for expected future performance. The board of directors considers the individual’s performance and the number and exercise price of options previously issued to the individual when reviewing executive officer compensation packages as a whole and determining any new stock option grants.

The Company did not grant any stock options to its NEOs during the year ended December 31, 2019.

See "Option Based Awards" and "Securities Authorized for Issuance Under Equity Compensation Plans" for further information on the Stock Option Plan.

The Company does not have Incentive Plan Awards, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company’s securities) was paid.

### **Pension Plan Benefits and Other Long-Term Incentives**

The Company does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

### **Deferred Compensation Plans**

The Company has no deferred compensation plan for NEOs.

### **Termination and Change of Control Benefits**

The Company has an employment agreement with Arthur G. Troup, President and Chief Executive Officer of the Company, effective April 21, 2011. Under the terms of the agreement, Mr. Troup is paid an annual salary of \$180,000, to be reviewed on an annual basis and is entitled to participate in all employee benefit programs and incentive programs. Mr. Troup is also entitled to receive annual cash bonuses as determined by the board of directors, based on the achievement of Company goals to be established by the board prior to the commencement of each calendar year and the Company’s performance and financial condition.

The Company also has a consulting agreement with Marc H.K. Lee, Chief Financial Officer of the Company, effective May 22, 2017. Under the terms of the agreement, Mr. Lee is paid a consulting fee of \$120,000 per annum (commencing May 2017), to be reviewed on an annual basis.

## Estimated Incremental Payment on Change of Control

Under the terms of Mr. Troup's employment agreement, the payment upon termination by the Company without cause or on a change of control of the Company Mr. Troup is entitled to receive is \$540,000 (calculated as at December 31, 2019) based upon an amount equal to three times his annual salary in effect at the termination date and an additional amount equal to three times his average annual bonus percentage for the prior three years applied to his annual salary in effect at the termination date. Mr. Troup will also be entitled to receive any amounts owed in respect of accrued vacation, and all of his existing unvested stock options would be deemed to have become vested.

Under the terms of Mr. Lee's consulting agreement, the payment upon termination by the Company without cause or on a change of control of the Company Mr. Lee is entitled to receive is \$240,000 (calculated as at December 31, 2019) based upon an amount equal to twice the annual fee in effect at the termination date. In addition, all of his existing unvested stock options would be deemed to have become vested.

## Director Compensation

The following table sets forth all amounts of compensation provided to the directors, who are each not also a Named Executive Officer, for the Company's most recently completed financial year:

<i>Director Name</i>	<i>Fees Earned (\$)</i>	<i>Share-Based Awards (\$)</i>	<i>Option-Based Awards (\$)</i>	<i>Non-Equity Incentive Plan Compensation (\$)</i>	<i>Pension Value (\$)</i>	<i>All Other Compensation (\$)</i>	<i>Total (\$)</i>
Robin Merrifield	3,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	3,000
Linda Dandy	3,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	3,000
Ralph Gonzalez	3,000 <sup>(1)</sup>	Nil	Nil	Nil	Nil	Nil	3,000

- (1) Directors' fees are \$6,000 per non-executive director per year. During the year ended December 31, 2019, the Company paid each director \$3,000 in fees. The unpaid balance of \$3,000 each (\$9,000 in aggregate) was recorded in the Company's accounts payable and accrued liabilities as at December 31, 2019.

## Incentive Plan Awards - Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information concerning all awards outstanding under incentive plans of the Company pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period, at the end of the most recently completed financial year, including awards granted before the most recently completed financial year, to each of the Directors who are not Named Executive Officers:

<i>Director Name</i>	<i>Option-Based Awards</i>				<i>Share-Based Awards</i>	
	<i>Number of Securities Underlying Unexercised Options (#)</i>	<i>Option Exercise Price (\$)</i>	<i>Option Expiration Date</i>	<i>Value of Unexercised In-The-Money Options <sup>(1)</sup> (\$)</i>	<i>Number of Shares Or Units Of Shares That Have Not Vested (#)</i>	<i>Market or Payout Value Of Share-Based Awards That Have Not Vested (\$)</i>
Robin Merrifield	150,000	0.15	08-Mar-22	Nil	N/A	N/A
Linda Dandy	150,000	0.15	08-Mar-22	Nil	N/A	N/A
Ralph Gonzalez	150,000	0.15	08-Mar-22	Nil	N/A	N/A

Notes:

- (1) The closing market price of the Common Shares on the TSX Venture Exchange was \$0.10 per share on December 31, 2019.

- (2) The Company does not have Incentive Plan Awards other than option-based awards.

### Incentive Plan Awards - Value Vested Or Earned During The Year

The value vested or earned during the most recently completed financial year of incentive plan awards granted to Directors who are not Named Executive Officers are as follows:

<i>Director Name</i>	<i>Option-Based Awards - Value Vested During The Year <sup>(1)</sup></i> (\$)	<i>Share-Based Awards - Value Vested During The Year <sup>(2)</sup></i> (\$)	<i>Non-Equity Incentive Plan Compensation - Value Earned During The Year</i> (\$)
Robin Merrifield	NIL	N/A	N/A
Linda Dandy	NIL	N/A	N/A
Ralph Gonzalez	NIL	N/A	N/A

Notes:

- (1) This amount is the dollar value that would have been realized computed by obtaining the difference between the market price of the underlying securities at exercise and the exercise or base price of the options under the option-based award on the vesting date.
- (2) The Company does not have Incentive Plan Awards in place other than option-based awards.

### Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth the Company's compensation plans under which equity securities are authorized for issuance as at the end of the most recently completed financial year.

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i> (a)	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> (b)	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i> (c)
Equity compensation plans approved by security holders <sup>(1)</sup>	1,010,000	0.15	1,029,017
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	1,010,000	0.15	1,029,017

The only "equity compensation plan" in place is the Company's stock option plan. See "Option Based Awards" above.

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at December 31, 2019 and as at June 17, 2020, there was no indebtedness outstanding of any current or former Director, executive officer or employee of the Company which is owing to the Company or to another entity which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company, entered into in connection with a purchase of securities or otherwise.

No individual who is, or at any time during the most recently completed financial year was, a Director or executive officer of the Company, no proposed nominee for election as a Director of the Company and no associate of such persons:

- (i) is or at any time since the beginning of the most recently completed financial year has been, indebted to the Company; or

- (ii) whose indebtedness to another entity is, or at any time since the beginning of the most recently completed financial year has been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company,

in relation to a securities purchase program or other program.

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

Except as set out herein, no person who has been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, no proposed nominee of management of the Company for election as a director of the Company and no associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership or otherwise, in matters to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

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

An informed person is one who generally speaking is a director or executive officer or is a 10% shareholder of the Company.

No informed person or proposed director of the Company and no associate or affiliate of the foregoing persons has or has had any material interest, direct or indirect, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which in either such case has materially affected or would materially affect the Company.

### **APPOINTMENT OF AUDITORS**

Morgan & Co. LLP Chartered Professional Accountants, of Vancouver, British Columbia are the auditors of the Company. Unless otherwise instructed, the proxies given pursuant to this solicitation will be voted for the re-appointment of Morgan & Co. LLP Chartered Professional Accountants as the auditors of the Company to hold office for the ensuing year at remuneration to be fixed by the Directors.

### **MANAGEMENT CONTRACTS**

See "Interest Of Informed Persons In Material Transactions" above.

### **CORPORATE GOVERNANCE DISCLOSURE**

National Policy 58-201 establishes corporate governance guidelines which apply to all public companies. The Company has reviewed its own corporate governance practices in light of these guidelines and, as prescribed by National Instrument 58-101, discloses its corporate governance practices.

### **Independence of Members of Board**

The Company's Board currently consists of four directors, three of whom are independent based upon the tests for independence set forth in National Instrument 52-110. Robin Merrifield, Linda Dandy and Ralph Gonzalez are independent. Arthur G. Troup is not independent as he is the President and CEO of the Company.

### **Management Supervision by Board**

The size of the Company is such that all the Company's operations are conducted by a small management team which is also represented on the Board. The independent directors have regular and full access to management. The Company is actively looking for other independent directors as board members.

## **Participation of Directors in Other Reporting Issuers**

The participation of the directors in other reporting issuers is described above under the heading "Election of Directors".

## **Orientation and Continuing Education**

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

1. a Board Manual which provides information respecting the functioning of the Board of Directors, committees and copies of the Company's corporate governance policies;
2. access to recent, publicly filed documents of the Company, technical reports and the Company's internal financial information;
3. access to management and technical experts and consultants; and
4. information regarding significant corporate and securities responsibilities.

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

## **Ethical Business Conduct**

The Board has adopted a Code of Conduct (the "**Code**") that is currently under revision. The Board has instructed its management to abide by the Code and to bring any breaches of the Code to the attention of the Board or the CGCC. The CGCC also conducts an annual review of the performance of Company personnel under the Code with a view to making any required changes in Company practice or policy to enhance compliance with the Code. The Board keeps a record of departures from the Code and waivers requested and granted and confirms that no material change reports have been filed by the Company since the beginning of the Company's most recently completed financial year pertaining to any conduct of a director or executive officer that constitutes a departure from the Code.

The Board requires that directors and executive officers who have an interest in a transaction or agreement with the Company promptly disclose that interest at any meeting of the Board at which the transaction or agreement will be discussed and abstain from discussions and voting in respect to same if the interest is material or if required to do so by corporate or securities law.

## **Nomination of Directors**

The CGCC has responsibility for identifying potential Board candidates. The members of the CGCC Committee are Robin Merrifield, Arthur G. Troup and Linda Dandy. The CGCC assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mineral exploration industry are consulted for possible candidates.

## **Compensation of Directors and the CEO**

The CGCC has responsibility for reviewing compensation for the directors and senior management. The CGCC makes recommendations to the Board which then has the power to approve or reject the compensation.

To determine compensation payable, the CGCC reviews compensation paid for directors and CEOs of companies of similar size and stage of development in the mineral exploration industry and determines an appropriate compensation reflecting the need to provide incentive and compensation for the time and effort expended by the directors and senior management while taking into account the financial and other resources of the Company. In setting the compensation, the CGCC annually reviews the performance of the CEO in light of the Company's objectives and considers other factors that may have impacted the success of the Company in achieving its objectives.

### **Assessments**

The Board annually, and at such other times as it deems appropriate, reviews the performance and effectiveness of the Board, the directors and its committees to determine whether changes in size, personnel or responsibilities are warranted. As part of the assessments, the Board or the individual committee may review their respective mandate or charter and conduct reviews of applicable corporate policies.

### **Audit Committee**

The Audit Committee of the Board endeavours to facilitate effective Board decision-making by providing recommendations to the Board on matters within its responsibility. The Board believes that the Audit Committee assists in the effective functioning of the Board.

The Audit Committee is responsible for ensuring that management has established appropriate processes for monitoring the Company's systems and procedures for financial reporting and controls, reviewing all financial information in disclosure documents; monitoring the performance and fees and expenses of the Company's external auditors and recommending external auditors for appointment by shareholders. The Audit Committee is also responsible for reviewing the Company's quarterly and annual financial statements prior to approval by the Board and release to the public. The Audit Committee meets periodically in private with the Company's external auditors to discuss and review specific issues as appropriate. Currently, the members are: Robin Merrifield, Linda Dandy and Ralph Gonzalez.

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

#### *Mandate*

The primary function of the Audit 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. Consistent with this function, the Audit Committee will encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures and practices at all levels. the Audit Committee's primary duties and responsibilities are to:

- 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.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

#### *Composition*

The Audit Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Audit Committee.

At least one member of the Audit Committee shall have accounting or related financial management expertise.

All members of the Audit 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 Company's Charter, the definition of "financially literate" is the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can presumably be expected to be raised by the Company's financial statements.

The members of the Audit Committee shall be elected 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 Audit Committee may designate a Chair by a majority vote of the full Committee membership.

### *Meetings*

The Audit Committee shall meet at least twice annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

### *Responsibilities and Duties*

To fulfill its responsibilities and duties, the Audit Committee shall:

#### *Documents/Reports Review*

- (a) Review and update this Charter annually.
- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### *External Auditors*

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Audit Committee as representatives of the shareholders of the Company.
- (b) Obtain annually, a formal written statement of external auditors setting forth all relationships between the external auditors and the Company, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.

- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- (g) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company.
- (h) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (i) 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 Company's external auditors. 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 provided to the Company constitutes not more than five percent of the total amount of revenues paid by the Company to its external auditors 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 Audit Committee by the Company and approved prior to the completion of the audit by the Audit Committee or by one or more members of the Audit Committee who are members of the Board of Directors to whom authority to grant such approvals has been delegated by the Audit Committee.

Provided the pre-approval of the non-audit services is presented to the Audit Committee's first scheduled meeting following such approval such authority may be delegated by the Audit Committee to one or more independent members of the Audit Committee.

#### Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' 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 external auditors and management.
- (d) Review significant judgments made by management in the preparation of the financial statements and the view of the external auditors as to appropriateness of such judgments.
- (e) Following completion of the annual audit, review separately with management and the external auditors 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 external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.
- (j) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Other

Review any related-party transactions.

### Composition of the Audit Committee

The following are the members of the Audit Committee:

Robin Merrifield	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Linda Dandy	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>
Ralph Gonzalez	Independent <sup>(1)</sup>	Financially Literate <sup>(1)</sup>

Note:

(1) As defined by National Instrument 52-110 ("NI 52-110").

### Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Audit 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*), 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 Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

### 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:

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
2019	\$19,000	\$232	NIL	NIL

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2018	\$18,125	\$221	NIL	NIL

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

### **Consolidation of Common Shares**

During early 2020, the Company encountered difficulty securing financing in part due to the COVID 19 situation arising. The Company will require new financing to provide working capital going forward. In discussions with potential investors and financiers, the Directors believe it to be in the best interest of the Company to be in a position to effect the consolidation of the issued and outstanding shares, on the basis of three (3) pre-consolidation Common Shares for one (1) post-consolidation Common Share without par value to attract future investors.

As at June 17, 2020, a total of 15,483,214 Common Shares in the capital of the Company were issued and outstanding. Accordingly, if put into effect, a total of 5,161,071 Common Shares in the capital of the Company would be issued and outstanding following a consolidation at the ratio of up to three (3) pre-consolidation Common Shares for one (1) post-consolidation Common Share, assuming no further change in the issued capital.

In addition to Shareholder approval being sought at the Meeting, any such consolidation also requires approval of all applicable regulatory authorities, including the TSX Venture Exchange. There is currently no maximum number of authorized Common Shares and, upon effecting the consolidation there will continue to be no maximum number of authorized Common Shares. This will be a share consolidation only. The Company does not intend to change its name in connection with the proposed consolidation of shares.

Shareholders of the Company will be asked to approve by special resolution, the text of which is set out below subject to approval of the Directors and the TSX Venture Exchange, the consolidation of the Company's issued and outstanding Common Shares without par value on the basis of up to three (3) pre-consolidated Common Shares for one (1) post-consolidation Common Share in its authorized share structure.

“Resolved, as special resolutions that:

1. Subject to prior approval of the Directors, and subject to TSX Venture Exchange approval, the authorized share structure of the Company be altered by consolidating all the issued and outstanding Common Shares without par value, of which 15,483,214 are issued, on the basis of up to three (3) pre-consolidation Common Shares to one (1) post-consolidation Common Shares;
2. Any fractional Common Shares resulting from the consolidation of Common Shares shall be converted to whole Common Shares pursuant to Section 83 of the Business Corporations Act (British Columbia);
3. The Directors are hereby authorized, at any time in their absolute discretion, to determine whether or not to proceed with the above resolutions without further approval, ratification or confirmation by the shareholders; and
4. Upon the date determined by the directors, the resolutions described herein shall be deposited at the Company's records' office:

These special resolutions will not be effective unless and until deposited at the Company's records office by direction of the Directors.

The Directors are in favour of the aforesaid resolutions as they will provide the Company with increased flexibility to seek additional financing opportunities. A shares consolidation does not change a shareholder's proportionate interest in the Company.

The Directors recommend you vote in favour of the above special resolutions, which will be affected under the existing Articles of the Company.

A special resolution is a resolution passed by the shareholders of the Company by an extraordinary general meeting by a two-thirds (2/3) majority of the votes cast at the meeting in person or by proxy.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company is on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may contact the Company at 2000 – 1066 West Hastings Street, Vancouver, British Columbia V6E 3X2 or telephone (604) 628-0519 to request copies of the Company's financial statements and related MD&A.

Financial information is provided in the Company's comparative financial statements and MD&A for its most recently completed financial year, which are filed on SEDAR and available at [www.sedar.com](http://www.sedar.com).

### **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of proxy to vote the Common Shares represented thereby in accordance with their best judgment on such matter.

DATED June 17, 2020.

### **APPROVED BY THE BOARD OF DIRECTORS**

"Arthur G. Troup"

Arthur G. Troup, M.Sc., P.Eng.  
President & CEO

"Marc H.K. Lee"

Marc H.K. Lee  
Chief Financial Officer & Corporate Secretary